



Daily Report

East Asia

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Alatas Opens Workshop on South China Sea

BK2610135594 Jakarta ANTARA in Indonesian 0913
GMT 26 Oct 94

[FBIS Translated Excerpt] Bukittinggi, 26 October—Foreign Minister Ali Alatas believes that it is time to consider involving countries outside the South China Sea region in cooperation programs which have been and will be proposed in future workshops on the South China Sea.

"If there are [words indistinct], for example in navigational safety, it will be better if we [words indistinct] and European countries which often use the South China Sea as their sea route," he told reporters in Bukittinggi, West Sumatera, on Wednesday after he opened the fifth workshop on the South China Sea entitled: "Managing Potential Conflicts in the South China Sea." The workshop will end on 28 October. In addition to navigational safety, other proposed cooperation programs include marine scientific research, marine environment preservation, shipping, and communications.

"Countries outside the South China Sea region can extend support in the form of technical or financial contributions," he said, adding that this will be an interesting topic of discussion. The workshop is being attended by 11 countries located in the South China Sea region.

Alatas said the target of the fifth workshop is to implement the outcome of previous workshops. For example, a project proposal on "biodiversity" formulated by a working group in charge of marine scientific research in three previous meetings in Manila, Jakarta, and Singapore will be submitted to the fifth workshop. The group is now working on two other proposals, namely on "databases, information exchange, and networking" and "sea level and tide monitoring."

"If all these proposals can be completed and agreed upon by the fifth workshop, the cooperation program will also be open to participants from outside the South China Sea region," Alatas said. [passage omitted]

'Heated Debate' Cited on 2d Day

OW2810000994 Tokyo KYODO in English 2314 GMT
27 Oct 94

[By Christine T. Tjandraningsih]

[FBIS Transcribed Text] Bukittinggi, Indonesia, Oct. 28 KYODO—Eleven Asian countries with immediate interests in the South China Sea area, the Spratly and Paracel Islands in particular, on Thursday [27 October] ended the second day of a three-day workshop after heated debate without consensus on elements of confidence-building measures in the area.

"It's actually a little difficult," said Indonesia's ambassador-at-large for the Law of the Sea, Hasjim, who chaired a session discussing Spratly and Paracel issues and confidence-building measures.

"Some delegates have no views or opinions at all, some support the elements of confidence building, some others are still uncertain whether the measures could be implemented effectively, while the others said they are not so sure if they could convince their governments," Hasjim said.

Attending are scholars, diplomats and government officials in personal capacities from the association of Southeast Asian nations—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—plus Cambodia, China, Laos, Taiwan and Vietnam.

A session of the fourth workshop in Surabaya of eastern Java last year outlined some general confidence-building measures, including nonexpansion of existing military presence, transparency in military activities and organized visits to the various occupied Spratly Islands in order to increase transparency.

"We have tried to identify the elements one by one, but it's really difficult to reach a consensus," said Hasjim.

"All have agreed that the implementation of the proposal projects are important parts of the confidence-building measures, but some objections emerged in the matters relating to military, pre-military presence and security," he said, but did not go into details.

Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam have claimed part or all of the Spratlys. All claimants, except Brunei, have stationed troops on some of the 60 or so islands and atolls in the chain astride a major shipping lane.

Japan**U.S. Action Paving Way for Aviation Talks***OW2810054794 Tokyo KYODO in English 0440 GMT
28 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—The United States has decided to allow Japan Airlines (JAL) to inaugurate a regular service between Honolulu and Sendai, northern Japan, paving the way for resumption of deadlocked civil aviation talks, the Transport Ministry said Friday [28 October].

Ministry officials said the decision by the Transportation Department has removed the biggest stumbling block that has stalled bilateral aviation talks since August last year.

Following the decision, JAL will open a once-weekly service between Honolulu and Sendai in mid-November, the officials said.

In response to the U.S. step, Japan will lift retaliatory action against Northwest Airlines, allowing it to increase its weekly flights between Osaka and Manila to seven from the present three, the officials said.

They said Washington has apparently eased its stance toward JAL in order to expedite negotiations on requests by American and Delta Airlines to fly into Kansai International Airport, which opened early September.

MOF To Study Insurance Brokerage System*OW2710131394 Tokyo YOMIURI SHIMBUN in
Japanese 26 Oct 94 Morning Edition p 9*

[FBIS Translated Text] On 25 October, the Ministry of Finance [MOF] disclosed that in a bid to introduce an insurance brokerage system under an agreement reached with the United States in the framework talks, it has created a study group to be composed of scholars and insurance brokers from major American and European insurance firms. The study group will be mandated to examine ways of introducing the insurance brokerage system into Japan. The system is expected to be formally introduced after the revised Insurance Business Law goes into force in two years. The MOF will ask American and European insurance brokers for their professional opinions about adopting the brokerage system in Japan and reflect their professional opinions in an amendment to the Insurance Business Law.

Insurance brokers handle insurance at the request of several insurance firms and they offer consumers optimum insurance after receiving commissions from them.

In negotiations on the insurance sector under the Japan-U.S. economic framework talks, U.S. negotiators have strongly demanded that Japan introduce the insurance brokerage system, claiming: "The system makes it possible for consumers to choose insurance that can meet

their needs." The study group will be composed of 11 key insurance brokers from Daiichi Mutual Life Insurance Company; Tokyo Marine and Fire Insurance Company; Mash and MacKenna [name as published], a major American insurance brokerage firm; and Wills Koln [name as published], a major British insurance brokerage firm.

In the insurance sector negotiations, both Japan and the United States have agreed that foreign insurance brokers are allowed to open offices in Japan to do insurance business, but they have agreed to decide later on the details of putting the agreement into effect.

Yen's 'Unabated Strength' Worries Hashimoto*OW2810030094 Tokyo KYODO in English 0240 GMT
28 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Friday [28 October] voiced grave concern over the yen's unabated strength against the dollar, terming the trend "serious" enough for already-struggling small companies.

Hashimoto said as long as the yen stays at high levels against the U.S. currency, he cannot be optimistic about the prospect of the Japanese economy despite emerging bright signs in some sectors.

"I cannot wipe out the impression that the yen remains at levels far above Japan's economic fundamentals," Hashimoto told a news conference. "The further the yen gets higher, its impact on export related companies, especially small-sized ones, becomes more serious," Hashimoto said. "That's why I cannot be blindly optimistic about economic prospects."

Hashimoto said he feels "sad" to see that his recent remarks on wartime conduct by Japan created "unnecessary stir" both at home and abroad. China and other Asian countries reacted sharply to Hashimoto's parliamentary statement to the effect that Japan's invasion of its Asian neighbors was a matter of definition.

Hashimoto said although Japan fought the Western powers, its military actions against its Asian neighbors were not motivated by hostile intentions.

At Friday's news conference, Hashimoto said when he visited Asian countries years ago in order to collect remains of Japanese soldiers killed during World War II, he also observed "the actual state of their aggressive actions" in each country. "I thought almost all actions by the former Japanese Imperial Army that I observed with my eyes and ears were not anything that would be supported by local people," Hashimoto said.

"With these experiences in my mind, I answered the Diet question by dividing things into parts," Hashimoto said. "Japan's past invasion and colonial rule in Asia left a big scar both on Japanese people and Asian people," he

added. Hashimoto said, "Japan should make efforts to achieve eternal peace while renewing its pledge not to start war."

Hashimoto said his ministry will unveil in November the results of a new price survey that covers not only prices of consumer goods but invisible prices such as those of services and intermediate goods.

Hashimoto said a big price gap between goods at home and abroad clearly reflects "the structural distortion and inefficiency of the Japanese economy."

"Correction of such distortion is necessary in order to upgrade the Japanese people's standard of living," he said, noting the so-called industrial "hollowing-out" would further advance in Japan unless adequate measures are taken.

Correcting Price Gaps To Help Stop Yen's Rise

OW2810032194 Tokyo KYODO in English 0310 GMT 28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—Japan's economic planning chief asked other cabinet ministers Friday [28 October] to check gaps between prices at home and abroad, while pointing to "unreasonable" administrative barriers for correcting price gaps.

Urging early measures, Masahiko Komura, director general of the Economic Planning Agency (EPA), also stressed that correcting price gaps will help stop the yen's rise. "I believe unreasonable impediments certainly exist," the EPA chief told reporters after a morning cabinet meeting.

Komura said he called for "active" cooperation from other ministers at the cabinet meeting to kick off a survey on price gaps under their jurisdictions.

Instructed earlier by Prime Minister Tomiichi Murayama, the fact-finding survey will begin with a related ministerial meeting later in the day, covering related goods, services, foodstuffs, restaurants, housing and public works, and industrial procurement goods.

Komura declined to detail what he believes are "unreasonable" administrative procedures, saying "I shouldn't comment on that now... [ellipses as received] before finding out the facts."

Concerning target reductions, Komura ruled out "numerical targets" saying they would bring hindrances such as bureaucrats imposing unnecessary administrative guidances to attain them. "We must work on it under free market," he stressed.

Komura also brushed aside any government intention for making the yen weaker to correct price gaps, noting the current currency rates are just not reflecting economic fundamentals. "Correcting price gaps will instead provide favorable effects on currency rates," he said, stressing that price measures are needed to make the yen

weaker. The yen's rise makes domestic prices expensive compared with overseas prices, thus leading to a further widening of price gaps.

Komura said widened price gaps from the current wild currency fluctuations in the short period are not a problem, noting that actions must be taken when price differences remain even after time passes from currency movements.

Australian Foreign Minister Comments on APEC

OW2810110594 Tokyo KYODO in English 1033 GMT 28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—Australian Foreign Minister Gareth Evans said Friday [28 October] he wants the leaders of countries of the Asia-Pacific Economic Cooperation (APEC) forum, meeting in Indonesia in mid-November, to endorse fixed dates for a program of trade liberalization in the region.

Evans told a press conference in Tokyo he would prefer January 1998 as "a firm start-up" date for the introduction of trade liberalization among APEC members.

A draft of the declaration calls for completing trade liberalization in the Asia-Pacific region by the year 2020 under certain conditions.

But Evans described this as "an outside date" recommended in August by the APEC Eminent Persons Group headed by Fred Bergsten of the United States, which called on APEC members to begin the trade liberalization process by 2000 and complete it by 2020.

Some APEC countries have expressed opposition to obliging member nations to finish trade liberalization by that time. But Evans said the Bogor meeting's final declaration could incorporate different target dates to take account of differing rates of economic development among member countries.

Leaders of the 17 APEC members—Japan, the U.S., Canada, Australia, China, Hong Kong, South Korea, Taiwan, Mexico, New Zealand, Papua New Guinea, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei—and Chile, which is expected to formally become a member of the forum, will meet in Indonesia on Nov. 15 to discuss economic cooperation in the Pacific rim area.

Asked how the meeting can overcome differences between such a disparate group of countries over the contents of any declaration produced at Bogor, Evans said he is looking to the persuasive powers of the meeting's host, Indonesian President Suharto.

"There's no conclusive opposition that has been expressed to the kind of declaration to which I have been referring," Evans said. "I guess I'm relying very much on the persuasive powers of President Suharto whose initiative this very much is."

Evans arrived in Tokyo on Thursday for three days of meetings with Japanese Government ministers and officials centering on preparations for the APEC meeting. He said the discussions have convinced him that Australia is "on the same wavelength" with Japan over the future of APEC.

On Friday, Evans met Prime Minister Tomiichi Murayama, and International Trade and Industry Minister Ryutaro Hashimoto.

Evans said that during the meeting with Murayama he has "expressed Australia's strong support" for Japan's bid to become a permanent member of the UN Security Council.

"I told him there is nothing in the Japanese Constitution that prevents Japan from playing a role in the UN Security Council as a permanent member," Evans said.

Japanese Foreign Ministry officials said Hashimoto expressed Japan's support for the liberalization of trade in the APEC area.

They said Hashimoto told Evans that Japan supports the proposed deadline of 2020 for the completion of trade liberalization in the Asia-Pacific area.

Evans also told the press conference that Australia has not been approached to take part in an international consortium to finance a light-water reactor for North Korea as part of an agreement signed between the U.S. and North Korea in Geneva on Oct. 22.

But he said Australia, which has vast reserves of coal and gas, would be prepared to contribute alternative energy sources after North Korea freezes the operation of its graphite-moderated reactors as part of the agreement.

Evans Cited on Hostages in Cambodia

OW2810100994 Tokyo KYODO in English 0954 GMT 28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—Australian Foreign Minister Gareth Evans said Friday [28 October] his government is trying to confirm with the Cambodian Government reports that three Western hostages who were held at a Khmer Rouge base have been killed.

Evans told a press conference in Tokyo that his government is trying to make sense of a "chaotic" series of cables which have been "flying around" about the reports, and a counter-report that the three had been sighted after the supposed time of their deaths.

Evans said he had just received a communique from the Cambodian Defense Ministry in which the ministry denies an Army general's statement that the three are dead.

He said there had been a report the hostages were seen crossing route three "some time before the third of October."

"Obviously, we would be delighted if there is some truth in this proposition and that there are grounds for still hoping that the hostages are still in fact alive," Evans said.

Evans said it could take time to confirm one report which had purported to pinpoint the place where the hostages were buried, because the country is "inaccessible terrain and heavily mined."

"Certainly all the statements coming out of Australia make it absolutely clear that there has been no confirmation of their having been killed," Evans said.

"We'll just have to watch and wait and hope. In the meantime, we are making as many representations at as many levels as possible through officials and ministers in Cambodia to make it clear that we obviously want and need hard information as soon as humanly possible."

The three hostages—a 28-year-old Briton, a 29-year-old Australian, and a 27-year-old Frenchman—were taken hostage along with 13 Cambodians, including three of Vietnamese descent, on July 26 following a train ambush in the southern province of Kampot.

Evans is in Tokyo to meet government ministers and officials in preparation for the Nov. 15 summit in Indonesia of leaders of member countries of the Asia-Pacific Economic Cooperation forum.

Article Analyzes APEC Economies Ahead of Meeting

OW2610141094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Oct 94 Morning Edition p 3

[Unattributed article: "Importance of the APEC Economies Has Been Increasing"]

[FBIS Translated Text] Importance attached to the Asia Pacific Economic Cooperation (APEC) economic bloc has been increasing these days. APEC, comprised of 17 nations and regions, holds 40 percent of the world's population, 50 percent of the world's GNP, and 40 percent of the world's trade. Following the 22 October meeting with the ministers in charge of small and medium companies to be held in Osaka, APEC will hold another ministerial meeting and a nonofficial summit in Indonesia in mid-November. Now that the Asian region has been showing impressive economic growth, its future moves will be a key issue to other nations regarding their trade and economic policies.

APEC was inaugurated with a proposal by then Australian Prime Minister Bob Hawke in January 1989. It is an arena for economic discussion with the goal of creating a regional cooperation framework to promote continuing economic development in the Asia-Pacific region. Various cooperation projects have been promoted in such areas as trade promotion, technological transfer, and energy. Seventeen nations and regions participate in

APEC, including Japan, the United States, newly industrializing economies (NIES), Southeast Asian nations, Australia, New Zealand, Mexico, and Canada. Chile will make a formal application in November.

According to the IMF, all APEC members achieved positive economic growth in 1992, although the international average of economic growth was minus 0.1 percent. The highest growth rate was China's 13 percent. Thailand and Malaysia showed greater development than South Korea, Hong Kong, Taiwan, and Singapore, whose growth rate was 4-5 percent.

When it comes to the trade issue, the value of the trade between the APEC nations exceeded that of the European Union (EU).

Regarding per capita GNP, the APEC nations showed a range of differences, ranging from Japan's \$28,000 to China's \$380. There are also large differences in population, resources, and technological standards among the countries. The Ministry of International Trade and Industry thinks: "In addition to the relatively stronger economic development in the APEC nations, the economic diversity is a factor in outdoing the EU, which accomplished market unification, in the trading area."

APEC's significance as Japan's trade and investment partner is also increasing. In 1992, Japan's exports to APEC members reached 67 percent and its imports 65 percent. It also sent this region 23 billion yen, just under 70 percent of the 37.1 billion yen it made in foreign investment in the same year.

The situation is the same with the United States. It has placed higher expectations on APEC, and its trade with the Pacific region is more thriving than with the Atlantic region. Furthermore, since 1990, the United States has made more direct investment to APEC nations than to the EU. In 1992, U.S. direct investment to APEC nations showed a double-digit increase compared with a year before, while its investment to the EU only increased 1.5 percent. What is noteworthy is that the investment from Japan and the United States stimulated the trade of capital and intermediate goods between the APEC nations, eventually strengthening the APEC's mutual relations with Japan and the United States.

Despite a failure in the negotiations on automobiles and auto parts under the Japan-U.S. economic framework talks, the United States, at the beginning of October, decided to apply the rather mild 301 provision of the U.S. Trade Act (which imposes sanctions against nations engaging in unfair trade practice) on replenishment of auto parts as a sanction against Japan. Since the United States, whose trade stance including numerical targets has been subject to strong criticism from Asian nations, does not want to see its position becoming weaker at the APEC forum, it settled for a mild sanction. However, it can be said that such a U.S. act actually reflects how much importance it attaches to the APEC economic bloc.

Tokyo Grants Conditional Support for APEC

OW2810045194 Tokyo KYODO in English 0437 GMT
28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—Japan will support in principle the liberalization of trade in the Asia-Pacific Economic Cooperation (APEC) area, Trade Minister Ryutaro Hashimoto said Friday [28 October].

Hashimoto announced Japan's support during a meeting with Australian Foreign Minister Gareth Evans, government officials said.

The government is coordinating views with other APEC members in preparation for the informal APEC summit in Bogor, Indonesia, in mid-November, but supports the proposed deadline of the year 2020 for completion of trade liberalization in the Asia-Pacific area, Hashimoto was quoted as saying.

Hashimoto was commenting on a report prepared in August by the Eminent Persons Group (EPG), an APEC advisory body, which set the target of achieving free trade in all goods and services in the APEC area by the year 2020.

Evans expressed the hope that Japan, as the host country of next year's APEC summit, would play a key role in working out specific trade liberalization measures if the EPG's target is adopted at the Bogor meeting, the officials said.

Hashimoto was quoted as saying it would be necessary for APEC countries to focus for the time being on crafting a framework of measures to facilitate trade, including especially the unification of investment standards and certificates.

Evans said a declaration to be adopted at the coming APEC summit should include not only a program for trade and investment liberalization, but also propose ways to foster small companies and develop human resources, the officials said.

Academic Advocates UNSC Permanent Membership

OW2710023994 Tokyo KYODO in English 0105 GMT
27 Oct 94

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Japan should demonstrate some leadership in boosting the UN Security Council's capacity to engage economically in the resolution of international conflicts, a Japanese academic says.

"The Security Council consists of the victors of World War II, all of which are military powers... So they are apt to take military steps when it comes to resolving conflicts," says Kuniko Inoguchi, professor at Tokyo's Sophia University.

Inoguchi says she sees a common cause in many of the troubles worldwide, namely economic failure and poverty. She believes Japan alone can present peace plans that include a package of measures to rehabilitate and reconstruct war-torn regions since Japan has successfully rebuilt itself from defeat and devastation in World War II.

The professor believes Japan should obtain permanent membership of the UN Security Council and strive to transform it into a more economic-oriented one in terms of international conflict resolution.

Dismissing widely-held fears that Japan will be required to play a military role if admitted to the council as a permanent member, Inoguchi says, "it will not be a question of the Security Council making Japan military-oriented but of Japan making the council more economic-oriented."

She says a UN force has not been established in the past and will never be in the future, although proposed in the UN Charter, because the United States, the leading power among the five permanent Security Council members, has no intention of sharing the authority to command with other nations.

Therefore, Inoguchi asserts, discussions on what Japan should do if a UN force is organized "are all missing the point."

While complaining of the lack of debate in Japan on what the UN Security Council does and what Japan could do as a permanent member, she says the UN body has to decide on whether use of force in settling international disputes is justifiable.

It means Security Council members should shoulder "ethical responsibility," Inoguchi says, adding that only nations which can accept that responsibility are entitled to obtain permanent membership of the council.

"This is what Japan really has to ponder," Inoguchi points out.

She believes Japan's avowed intention of not playing a combat role because of constitutional constraints "is perfectly all right," noting that UN resolutions on use of force against some countries do not necessarily bind members to take part in military action.

As a possible area for Japanese contributions, Inoguchi cites the restoration of sound finances. Without a healthy fiscal status, the UN will not be able to execute the economic-oriented peace plans Japan would offer, she adds.

She feels Tokyo needs to make clearer what contributions it can make to resolving international conflicts if it becomes a permanent council member.

"Say not what you cannot do, but what you can do for the United Nations," Inoguchi says.

Civic Group Calls for Transformation of UN

OW2810010094 Tokyo KYODO in English 2310 GMT
27 Oct 94

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO— Instead of pursuing a permanent seat on the UN Security Council [UNSC], Japan must strive to dissolve the powerful body and transform the United Nations into a more democratic organization, a civic group urges.

"At present, the five permanent members on the Security Council hold enormous power within the UN and they in effect decide on everything in their behind-the-scenes talks," says Tsuyoshi Inaba, a core member of the civic group Peace Chain Reaction.

"We firmly believe such a system should be scrapped," he asserts.

A month ago, the Tokyo-based citizens' group organized by 10 to 20 people, mostly in their 20's and early 30's, pressed a demand for the abolition of the UN council with the Foreign Ministry.

Inaba voices concern that Japan, if it is admitted to the world's most elite club as a permanent member, will be forced to boost its global security involvement, because the council currently has a proclivity toward use of force in settling international conflicts.

"So Japan should seek to create peace without resorting to force," he says.

Asked how the UN can resolve disputes without using force, Inaba says, "This may sound as if it is a round-about route, but promoting disarmament worldwide is the only solution."

He also counters the criticism from those supporting Tokyo's attempt to win a permanent seat on the UN Security Council that those opposing the bid are only advocating isolationist pacifism and pursuing the prosperity of Japan alone.

"We only hope the international community will move to find ways not to shed blood," Inaba says.

He is also critical of the argument that Japan, if it became a permanent council member, would be able to make a greater international contribution such as peace initiatives as the world's only atom-bombed nation.

Charging Japan has voted in the past against many antinuclear and disarmament UN resolutions merely to back the U.S. position, Inaba observes that Japan's entry into the council as a permanent member would be like giving another vote to the U.S.

"Without repenting on this point, Japan would only follow in the footsteps of the U.S. and take a passive stance on disarmament even if admitted to the council," he cautions.

Likewise, he insists Japan can tackle a number of global problems such as environment protection, population and poverty without obtaining the UN status.

"If Japan cannot take the initiative in dealing with these challenges without becoming a permanent council member, then it means something is wrong with such an undemocratic system," he notes.

According to Inaba, Peace Chain Reaction will begin full debate next month on Japan's bid to become a permanent council member and plans to hold a symposium on the issue around next spring.

"I regard this as the most important issue concerning how Japan will live or what role it will play in the world," he says.

DPRK Asked To Disclose Secrets in Return for Aid

OW2710143994 Tokyo SANKEI SHIMBUN in Japanese 26 Oct 94 Morning Edition p 2

[Editorial: "How To Negotiate With a Secrecy-Shrouded Country"]

[FBIS Translated Text] Following the signing of a nuclear agreement between the United States and North Korea, discussions on aid plans for North Korea have begun in Japan and other countries. In Japan, there are also moves toward resuming talks with Pyongyang on normalizing bilateral relations. Things are about to develop as planned by Pyongyang, which thinks that if it can get the United States under its thumb, Japan and South Korea will also come to heel. But wait a minute!

North Korea's nuclear development program became a problem after the country rejected nuclear inspections by the International Atomic Energy Agency (IAEA), which North Korea had to accept as a signatory to the nuclear Nonproliferation Treaty (NPT). The result has been that, despite its rejection of inspections, the country has won two new and expensive light water nuclear reactors and a large quantity of an energy source (heavy oil) from the outside world. This is just a case of grease for the squeaking wheel.

The negotiating technique runs counter to the treaty [NPT] but shows well the characteristics of the country. Japan, which faces a long-term, heated argument with Pyongyang over normalization talks in the future, should bear North Korea's such negotiating style in mind. If such a technique is permitted, other NPT members may also adopt a similarly stubborn negotiating style to get the best deal they can.

The amount of financial aid to be provided to North Korea under the U.S.-DPRK accord totals as much as \$6 billion, including \$4 billion in funds to construct two light water reactors and \$2 billion to provide heavy oil as an alternative fuel source in return for the dismantling of the existing nuclear reactors in North Korea. It has been

reported that the funds will be provided through an international consortium and that Japan and South Korea, not the United States, will be asked to bear most of the costs.

Nevertheless, North Korea, the fund recipient, has disclosed neither state economic figures nor even basic data about the country. It is one of few "secrecy-shrouded countries" in the world. Will Pyongyang disclose its "secrets" in the process of building light water reactors and accepting the fuel?

Common sense says that Western nations will not provide such huge financial aid unless North Korea changes. At present North Korea has many secrets and there is hardly anything known about what is going on inside the country. Here, we would like to stress that disclosure by North Korea of its domestic affairs is an essential condition of assistance by Western nations.

In Pyongyang, Kim Chong-il, supreme leader and the secretary of the Workers Party of Korea, has not yet been appointed general secretary of the party and chief of state. At present it is totally unclear what kind of domestic and foreign policies the Kim Chong-il regime will adopt. Without a deep knowledge of the country, Western nations are trying to move things forward in a hurry. In such a situation, Japan should not hastily try to resume talks with North Korea. It should not make a move until the other party's attitude is known.

Ruling Parties To Send Delegation To DPRK in Nov

OW2710132694 Tokyo ASAHI SHIMBUN in Japanese 26 Oct 94 Morning Edition p 1

[FBIS Translated Text] A delegation composed of representatives of the three ruling parties—the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger Party]—is expected to visit Pyongyang in late November, at the earliest to look for clues for resumption of the stalled Japan-North Korea normalization talks. Despite changes in the international environment surrounding North Korea following a nuclear accord between the United States and North Korea at the high-level talks in Geneva, the Japanese Government is not in a situation where it can hold talks with the North Koreans. The Japanese Government, therefore, plans to let the three ruling parties take the initiative in breaking an impasse in the Japan-North Korea relations. The SDPJ, which has maintained a close relationship with the ruling Workers Party of Korea in North Korea, appears to plan to credit the resumption of the stalled Japan-North Korea normalization talks to the Murayama government.

Commenting on the prospect of resuming the stalled Japan-North Korea normalization talks on 25 October, Prime Minister Murayama told a group of reporters: "I hope that representatives of the three ruling parties will visit Pyongyang to meet with North Korean officials to

discuss ways of resuming the stalled normalization talks between Japan and North Korea." In this way, the prime minister expressed the hope that the delegation will pave the way for resuming the stalled Japan-North Korea normalization talks.

LDP Secretary General Yoshiro Mori disclosed at a news conference on 25 October that SDPJ Secretary General Wataru Kubo has begun consulting with the Workers' Party of Korea about a visit by the delegation to Pyongyang. Mori also added that the three ruling parties will decide on how to organize the delegation, taking into account response from North Korea to the delegation's visit to Pyongyang.

Commenting on the timing of the delegation's visit to Pyongyang, Kubo has said, "We want to send the delegation to North Korea as soon as possible." There is a view within the SDPJ that Secretary Kim Chong-il would be able to meet the delegation after fully taking over power from his late father in late November. The Foreign Ministry is concerned that if the three ruling parties conduct their parliamentary diplomacy over the head of the government, "it would lead to a dual diplomacy." Commenting on the Foreign Ministry's concern at a 25 October session of the Security Committee of the House of Representatives, Foreign Minister Yohei Kono said: "It is quite natural that the parliamentary diplomacy can play a role."

The delegation, if its planned visit to Pyongyang is realized, would have to deal with two issues—ways to deal with "Japan's compensation for losses in the 45 postwar years" which was incorporated in a joint statement issued by the LDP, the SDPJ, and the Workers' Party of Korea, and the case of "Yi Un-hae," a Japanese woman who, after being kidnapped to North Korea, allegedly taught Japanese language to a North Korean female agent held responsible for blowing up a Korean airliner. Japan and North Korea broke off their normalization talks over the Yi Un-hae case.

Columnist Comments on Mission

OW2710135494 Tokyo TOKYO SHIMBUN in Japanese 25 Oct 94 Morning Edition p. 2

[Column article by Yoji Gomi, "The Ruling Parties' Decision To Send a Mission to the DPRK—The Three Parties Get United to Consolidate the Administration's Foundation"]

[FBIS Translated Text] In response to the U.S.-DPRK (North Korea) agreement on the latter's nuclear issue, the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ], and Sakigake [Harbinger Party] decided on 24 October to send a delegation to North Korea. Behind the decision is the three parties' desire to consolidate the foundation of the Murayama administration by paving the way for resumption of negotiations on normalizing diplomatic relations with North Korea when the delegation visits the country. It

appears that staff members of the prime minister's office hope that the decision will lead to the strengthening of the ruling parties' unity.

Prime Minister Tomiichi Murayama and LDP Secretary General Yoshiro Mori held the following exchange at a 24 October liaison meeting of the ruling party leaders:

Secretary General Mori: "Former Prime Minister Eisaku Sato realized the reversion of Okinawa to Japan, and former Prime Minister Kakuei Tanaka achieved the restoration of diplomatic relations with China. Mr. Murayama, you should initiate (the restoration of diplomatic relations) with North Korea."

Prime Minister Murayama: "Yes."

Japan-DPRK negotiations have been suspended since November 1992.

However, since the SDPJ and the DPRK Workers' Party of Korea have been holding exchanges for a long time, it can be said that the negotiations on normalizing diplomatic relations are "a special issue that can be solved only by the Murayama administration (of which the SDPJ chairman is prime minister)" (as stated by Juro Saito, chairman of the House of Councillors General Assembly of LDP Members).

It is reported that the decision to send a mission to North Korea came after an "informal LDP proposal" (according to SDPJ Secretary General Wataru Kubo).

It appears that the LDP hopes that if the "improvement of Japan-DPRK relations" is regarded as an important diplomatic theme of the Murayama administration, it will help tranquilize the SDPJ's intraparty confrontation over party policies—which has become serious following Mr. Kubo's announcement of the idea of forming a "new democratic liberal party"—for the time being, thereby the life of the LDP-SDPJ-Sakigake coalition government will be prolonged.

Meanwhile, Mr. Kubo has indicated enthusiasm, saying: "It is desirable that diplomatic relations be established under the current administration. As it is good for the three parties to cooperate in paving the way, we are now negotiating with North Korea so that action will be taken as soon as possible."

Aides to the prime minister are watching the ruling parties' moves, saying: "We can expect some achievements if a delegation is sent. It is better than doing nothing."

However, it is uncertain whether achievements will be realized even if the delegation "visits North Korea."

The question is whether or not North Korea will accept the ruling parties' delegation. A government source said: "As far as Secretary General Kubo is concerned, he probably has not gotten the impression that North Korea will reject the delegation. If the delegation is rejected, he will feel awkward." Some members of the ruling parties

have expressed the hope that "the delegation will not only meet Secretary General Kim Chong-il but also that it may indicate some conditions for resuming negotiations."

MOFA 'Wary' of Planned Trip

OW2810065294 Tokyo SANKEI SHIMBUN in Japanese 26 Oct 94 Morning Edition p 2

[FBIS Translated Text] The Ministry of Foreign Affairs [MOFA] is wary of the ruling coalition parties' plan to dispatch a mission to the DPRK while it welcomed the plan as a formal posture. The coalition parties are seeking "Japan-DPRK normalization of relations under the Murayama administration" as a political target, and this may bring about a resumption of the normalization talks without enough justification. MOFA views the coalition's demand for shelving the so-called Yi Un-hye issue as a dangerous sign. In 1990, a mission led by former Deputy Prime Minister Shin Kanemaru thoughtlessly accepted the DPRK's demand for "compensation for the 45 year postwar period." A MOFA source expressed concern over a politician-led resumption of the normalization talks, saying: "Even if the bilateral talks are resumed at this moment, Japan may have a great handicap."

Commenting on the coalition's plan for the DPRK trip, Vice Foreign Minister Kunihiro Saito has indicated his approval of the plan, saying: "The government wants to consult with the ruling parties on how to move forward on relations between Japan and the DPRK."

However, MOFA is perplexed by the demands for shelving the Yi Un-hye issue, a Japanese woman who taught Japanese to a DPRK terrorist. The DPRK's denial of the kidnapping of the Japanese woman resulted in a breakup of the normalization talks in November 1992. The Japanese Government's official stance toward the issue is that "the issue is an inevitable topic for the normalization talks even if the DPRK is unhappy with that" (as noted by a government source).

Therefore, the coalition's demands for shelving the issue "is to back the DPRK's claim not to discuss it" (as noted by a senior MOFA official). MOFA is concerned that "the citizens will severely criticize the government's failure to settle a problem in their interest" (as stated by a MOFA source).

Monetary issues, such as "claims for war damage" and compensation for postwar difficulties, is another source of concern. During the past eight negotiations, Japan accepted the DPRK's claims for wartime property damages. However, the DPRK insisted on wartime and postwar compensation according to the agreement between the Kanemaru mission and the Korean Workers' Party.

The government intends to offer a contribution to the "Korea Energy Development Organization" (KEDO—tentative name), a multinational consortium being set up

to offer light water reactor aid to the DPRK, as a part of its wartime compensation. However, the DPRK is likely to claim that the KEDO aid should not be counted as Japan's compensation.

Under such circumstances, the MOFA source said: "Politicians probably want to perform a feat in foreign affairs. However, the mission's careless manners during the trip may lead to the DPRK having too many expectations. In that case, Japan will have a great handicap at resumed negotiations."

Mission Called 'Appropriate'

OW2810070194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Oct 94 Morning Edition p 2

[FBIS Translated Text] In preparing for resuming normalization talks with the DPRK, the three ruling parties have been making arrangements to send a delegation to the DPRK. On 26 October, with regard to this plan, a top Ministry of Foreign Affairs [MOFA] official expressed his positive support, saying: "It is an appropriate and meaningful thing for dietmen to be engaged in diplomatic activities."

Further Reaction to Hashimoto War Remarks Cited

Hashimoto Offers 'Regrets'

OW2810042894 Tokyo KYODO in English 0410 GMT 28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—International Trade and Industry Minister Ryutaro Hashimoto on Friday [28 October] expressed regrets about the "adverse reactions" which his remarks on Japan's actions in World War II created among the country's Asian neighbors.

"I was saddened by the fact that my remarks triggered adverse reactions, as I know the war inflicted severe wounds on the Japanese people and the peoples of neighboring Asian countries, and that Japan has to make efforts to make an everlasting peace," Hashimoto told a news conference.

The minister also thanked South Korean Ambassador Kong No-myong for declaring that the controversy triggered by the remarks has already died down and Seoul will no longer make them an issue.

However, Hashimoto added that he recognizes a continuing need to improve understanding between Japan and other Asian countries.

"I will make every effort through my remarks and actions from now on to let Asian neighbors understand that I am someone who is convinced of the need to strive for peace," Hashimoto said.

Hashimoto told a Diet panel on Monday that it is a matter of subtle definition as to whether Japan invaded

its Asian neighbors during the war, because, in doing so, it had simply stood up to Western colonial powers in Asia, without being against the nations it occupied.

ROK's Reaction Relieves Tokyo

OW2710120894 Tokyo KYODO in English 1146 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—The Japanese government is relieved to hear South Korea has "accepted" its explanations for remarks by International Trade and Industry Minister Ryutaro Hashimoto on Japan's part in World War II, a top government spokesman said Thursday [27 October].

"We were relieved a lot...we will be more careful not to be misunderstood from now on," Chief Cabinet Secretary Kozo Igarashi said.

South Korean Ambassador to Japan Gong Ro-myung told reporters earlier in the day that Hashimoto's remarks admitted aggression against China and colonial rule over the Korean Peninsula, so he considered the issue over.

Hashimoto told the Diet on Monday that he uses the word "aggression" with regard to China and "colonial rule" with regard to the Korean Peninsula, but "it was not the Asian countries Japan chose to fight, but the United States, Britain and some other countries."

Hashimoto said that whether Japan committed aggression against the Asian countries is a delicate question of definition.

A South Korean Foreign Ministry spokesman issued a statement Tuesday saying, "It is regrettable that the Japanese minister has made remarks denying the facts that Japan invaded Asian countries in the past."

Chinese and North Korean official news agencies also criticized the remarks on Wednesday.

Ruling Party Chiefs See No Problems

OW2710111094 Tokyo YOMIURI SHIMBUN in Japanese 27 Oct 94 Morning Edition p 2

[FBIS Translated Text] Prime Minister Tomiichi Murayama called Foreign Minister Yohei Kono (also president of the Liberal Democratic Party) and Finance Minister Masayoshi Takemura (also head of Sakigake [Harbinger]) to his official residence on the afternoon of 26 October to hold a summit meeting of the three ruling parties. During the meeting, they discussed remarks made at a Diet session by International Trade and Industry Minister Ryutaro Hashimoto on his perception of Japan's role in World War II. They agreed: "As a whole, his remarks do not deviate from the Murayama government's view of the war. So, we see no problem with his remarks."

Murayama told reporters in the evening: "He made the remarks while clearly acknowledging the fact that there

were a colonial rule and the act of aggression by Japan. They will know if they read minutes of the Diet session in entirety."

Chief Cabinet Secretary Kozo Igarashi also said at a news conference in the afternoon: "I presume the initial report was made without a careful examination (of his remarks). I think this caused misunderstandings (in South Korea and China)."

Tokyo To Cut Loans if PRC Continues Nuclear Tests

OW2810092694 Tokyo SANKEI SHIMBUN in Japanese 27 Oct 94 Morning Edition p 1

[FBIS Translated Text] On 26 October, the government decided it will closely review the fourth yen-based loan program to China if the nation continues nuclear tests. A governmental survey team organized by division chiefs of the Foreign, Finance, and International Trade and Industry Ministries has been visiting Beijing since 25 October to discuss the new loans package with the Chinese Government. The Japanese mission will convey the decision to China at the 27 October talks, and request China's restraint in nuclear testing.

The fourth yen loan program is expected to cover a five-year period starting in 1996. China is asking for 1.5 trillion yen in the program, almost twice as much as the third loan program (a 800 billion yen package covering 1990-1996). However, China has so far conducted 41 nuclear tests, with this year's tests being carried out on 10 June and 7 October. In June 1992, the administration of former Prime Minister Kiichi Miyazawa determined four principles for Japan's Official Development Assistance (ODA). One of the principles says "the government must monitor adequately the military expenditure, development and production of missiles and other massive destruction weapons, and trade of weapons of aid-receiving nations." China's repeated nuclear tests obviously go against Japan's ODA guidelines on this particular point.

The government has been taking a prudent attitude toward nuclear testing by China because, as a senior Foreign Ministry official noted: "The stability of the Japan-China relations is essential to security in Asia." Under government policy, Japan's normal reactions to nuclear tests by China have been Vice Foreign Minister Kunihiro Saito's "regrets" conveyed to Chinese Ambassador Xu Lianru.

At the Japan-China foreign ministerial talks in New York on 26 September, however, Deputy Prime Minister and Foreign Minister Yohei Kono told his counterpart Qian Qichen that Japan may review the fourth yen loans package if China continues nuclear tests.

Kono said: "As the world's only victims of nuclear weapons, Japanese people are strongly oppose China's nuclear tests."

China's nuclear test on 7 October was conducted in the wake of the warning by Kono, and the government decided to react strongly to that.

Moreover, the government's decision was made in consideration of the following points: 1) The Murayama administration is advocating nuclear nonproliferation and a global weapons registration system, and in this connection China's nuclear tests are unacceptable to Japan; and 2) U.S. intelligence agencies and Taiwanese diplomatic sources have noted that China intends to continue nuclear testing.

PRC Official on Tax Refunds for Foreign Firms

OW2710011794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Oct 94 Morning Edition p 9

[FBIS Translated Text] Chen Xinhua, assistant vice minister of the Chinese Ministry of Foreign Economic Trade and Economic Cooperation, held a news conference in Osaka on 25 October and touched on the issue of the Chinese Government suspending refunds of value-added tax for foreign-affiliated firms. He explained the Chinese Government's intention to improve the situation, saying that "we would like to take some concrete measures." The Japan-China Association of Economy and Trade, the Japan Association for the Promotion of International Trade, and other organizations are asking the Chinese Government to review its suspension of the tax refund. Chen's remarks show China's understanding of the request.

Regarding the freeze on refunds of the tax imposed on raw materials purchased in China, Chen explained that "it is a measure taken during the process of reviewing overall tax system reform and preferential treatment measures for investment."

Value-added tax is one of the new taxes introduced this year. Because of this, companies have to pay 17 percent value-added tax when they purchase raw materials in China. This tax is supposed to be refunded when the companies export goods produced by using the raw materials. However, the Chinese Finance Ministry and State Administration of Taxation suddenly issued a notice in August this year, saying that the refund would be suspended. Companies from Japan, the United States, Europe, and other countries strongly opposed the measure.

Tokyo Banks Boost Ties With PRC Counterparts

OW2810124494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Oct Morning Edition p 7

[FBIS Translated Text] Japanese banks are bolstering their ties with their Chinese counterparts. The Industrial Bank of Japan, the Fuji Bank and the Japan Long-Term Credit Bank of Japan have concluded business cooperation agreements with the China Export and Import Bank [CEIB] and the State Development Bank [SDB] in China. A growing number of Japanese banks, including

the Sumitomo Bank and the Industrial Bank of Japan, are sponsoring seminars for Chinese bankers. The Japanese banks are eager to cooperate with Chinese banks in raising funds and extending loans for projects in China. The business cooperation agreements concluded between Japanese banks, such as Long-Term Credit Bank of Japan, CEIB, and SDB, and Chinese banks call on signatories in the two countries to the agreements to: 1) Exchange information on Japan-China joint venture projects in China; 2) cooperate with each other in raising and managing funds and 3) promote an exchange of bankers. The Long-Term Credit Bank of Japan plans to conclude a correspondent arrangement with the SDB in 31 October, and another correspondent arrangement with the CEIB in early November.

China is now opening new commercial banks like the CEIB and the SDB while working to turn four state-run banks, including the Bank of China and the Industrial and Commercial Bank of China, into commercial banks. China, which is currently working on reforming its banking system, needs to speedily train and educate its bankers.

The Industrial Bank of Japan has sponsored banking seminars over the past 16 years for Chinese bankers. Since the beginning of this year, such major Japanese banks as Sumitomo Bank and Daiichi Kangyo Bank have also held banking seminars for Chinese bankers. Sumitomo Bank held a banking seminar in Beijing in March this year for senior bankers from the Specialized Bank. The Japanese bank is now holding a seminar for Chinese bankers on overall banking work in Tokyo from 24 October.

The Japanese banks are strengthening their ties with the Chinese banks with the aim of cooperating with them in extending loans to projects, such as projects to upgrade infrastructure in China, and in raising funds. According to Long-Term Credit Bank of Japan, although the number of Japanese banks extending loans directly to China enterprises has grown over the last two years, the "importance of cooperation between Japanese and Chinese banks in extending loans will remain unchanged."

The SDB plans to raise long-term foreign funds for the first time this year and the Industrial Bank of Japan is now consulting other Japanese banks about ways to cooperate with the Chinese bank in raising the funds. The trend toward Japanese banks cooperating with Chinese banks to raise funds for the latter is expected to grow in the future.

MITI To Carry Out Training Program in Asia

OW2710135794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Oct 94 Morning Edition p 5

[FBIS Translated Text] In a tie-up with Asian partners, the Ministry of International Trade and Industry [MITI] is going to launch the "third country training program" for developing countries in the region. MITI started a

seminar in Singapore this week for trainees from Vietnam and some other Indochinese countries; in 1995, seminars for Filipino trainees will be held in Taiwan. The program's focus is to offer geographical convenience for trainees making the most of training know-how of Asian economic major powers.

The Foreign Ministry's Association for Overseas Technical Scholarship and the Singapore National Productivity Agency's National Productivity Committee will carry out the training program for Indochinese countries. Both organizations will dispatch engineers and scholars to seminars on such subjects as quality control and productivity improvement. Japan is going to bear 60 percent of the program's costs, and Singapore will bear 40 percent. The Taiwan seminars are intended for the Philippines, which is relatively undeveloped among ASEAN members. In Taiwan, MITI will carry on the program via its informal government mission called the Exchange Association.

Income levels in Singapore and Taiwan are catching up with advanced nations, and they are becoming "aid-giving nations." They are also interested in measures to develop better technology in neighboring countries since they are expanding business activities there. While aid programs to Asia have long been led by Japan, economic development of some community members is creating a new framework of international cooperation in Asia.

Mitsubishi To Import ROK Steel for Car Making

OW2710112894 Tokyo MAINICHI SHIMBUN in Japanese 27 Oct 94 Morning Edition p 8

[FBIS Translated Text] There are signs that a change has come to the supply system of steel products used for manufacturing automobiles, which used to be monopolized by domestic steelmakers.

Taking the lead in the auto industry, Mitsubishi Motors Corporation announced on 26 October that it has finished tests on cold-drawn steel sheets for use in car manufacturing, which it is thinking of importing from South Korea, and has decided to proceed with the import of this product for use in the car interior. Mitsubishi will finalize its plans for the import schedule and volume shortly and sign a formal contract.

The ROK product will most probably be used in the manufacture of "Diamante," Mitsubishi's top class luxury car which is scheduled to undergo a model change in the next fiscal year. Mitsubishi procures more than 1 million tons of steel each year, but it is believed that imports from the ROK will only amount to a few hundred tons.

In the auto industry, which aims at the reduction of production cost, moving outside the keiretsu or crossing national boundaries for parts procurement is becoming the norm. After the initial move, there is a possibility that procurement of foreign steel sheets, which are around 20 percent cheaper than Japanese ones, may

expand further. This is also expected to have a subtle effect on the ongoing negotiations between steelmakers and car manufacturers to lower the prices of steel sheets.

However, local steelmakers are certain to be retained as suppliers of surface-treated steel sheets used for the car body and exterior. Japanese products in this category are noted for their excellent quality. The cold-drawn steel sheets Mitsubishi is going to import are covered with resin on the surface, and will be mainly used for the car interior, such as the inside of the doors.

Due to the recent appreciation of the yen, the price competitiveness of Japanese steel products against imported products has deteriorated. On the other hand, South Korean steel products now have a better reputation. The Pohang Steel Corporation of South Korea, which has the most advanced production facilities, is increasing its export offensive against Japanese makers.

However, local steelmakers and car manufacturers are expected to maintain their cooperative relationship in the development of steel sheets and in ensuring a stable flow of supply. The ROK, which is itself enjoying a bullish demand for steel products, is also not expected to come up with a massive export of such products immediately.

Therefore, although a rapid shift from Japanese to imported steel sheets is believed to be improbable, the automobile makers' "convention" of using only Japanese-made steel sheets is certain to collapse.

Article Analyzes Changing Korean Situation

OW2610125094 Tokyo ASAHI SHIMBUN in Japanese 22 Oct 94 Morning Edition p 1

[Article by Harufumi Kiyoda; first in series entitled "Is the Korean Peninsula About To Enter a New Era?": "The Peninsula Has Started 'Breaking Away From the Cold War Structure' at Last"]

[FBIS Translated Text] "At last, the Korean peninsula has sailed into the post-Cold War sea, though its marine chart is incomplete." Kil Chong-u, who has studied Northeast Asian security issues and is policy research section chief of the National Unification Research Institute, a think-tank under the control of the Korean National Unification Board, commented on the U.S.-DPRK agreement, which was officially signed in Geneva 21 October.

The New Order Has Become More Realistic

In view of the objective of seeking a complete solution to the DPRK's (North Korea) nuclear issue and establishing diplomatic relations between the United States and the DPRK, the latest agreement is just an introduction. It is expected that future negotiations will face many turns and twists. The United States and North Korea fought in the Korean war, which symbolized the Cold War's early years, and confronted each other over

the military border for over 40 years after the war. It is believed that the two countries' first step toward reconciliation and exchanges has historical significance.

On the other hand, the U.S.-DPRK agreement will inevitably prompt resumption of Japan-DPRK negotiations on normalizing diplomatic relations, which have been suspended since November 1992. Japan and the DPRK meet at the Foreign Ministry-division-chief-level in Beijing in late August in response to the basic U.S.-DPRK agreement.

A senior Korean Presidential Office official was concerned that North Korea "would speed up establishment of friendly relations with Japan even if improvement of South-North relations is delayed." The official believes that although North Korea had originally planned to draw out economic cooperation from Japan, its plan was only suspended due to the nuclear issue.

The improvement of relations between North Korea and major Western nations, including Japan and the United States, is intended to fill a blank for North Korea resulting from the "South-North cross recognition formula" [mutual recognition of the two Koreas by the East and West to perpetuate the Korean peninsula's division]. Under the formula, South Korea established diplomatic relations with the former USSR and East European countries as well as China in the late eighties.

The move toward improving relations with North Korea means that people have begun giving a concrete form to the idea of building a new peace order in Northeast Asia based on the coexistence of South and North. This coexistence could take the form of the "two plus two" structure comprised of South and North Korea, the United States, and China; or the "two plus four" structure comprised of South and North Korea, Japan, the United States, China, and Russia—the latter was proposed in the last months of the Bush administration.

In response to the 21 October U.S.-DPRK agreement, preparations will start for organizing an international consortium to assist North Korea introduce light-water reactors, which will be the first step toward building the new order.

As a matter of course, the path is not easy. The uncertain factor lies in concern for the future of the "post-Kim Il-song regime."

Following the U.S.-DPRK agreement, it is expected that Kim Chong-il will officially assume the post of general secretary of the Workers' Party of Korea and president in the near future and that he will begin to embody the idea of the North Korean version of a "partial opening-up policy" to settle financial difficulties.

Concern Over the North Korean Regime's Future

To that end, the Najin-Sonbong Free Economic Trade Zone adjoining China and Russia is a test case for North Korea. It completed the improvement of its legal system

last spring; and foreign firms, mainly from Europe, completed over 60 inspections this year (according to the Pyongyang office of the UN Development Program.)

The South Korean Government has also come up with measures to promote economic exchanges with North Korea, such as lifting the ban on businessmen's visits to North Korea as well as small and medium enterprises' processing on commission [itakukako]. North Korea could become an attractive production base to South Korean firms, who suffer from a sharp increase in personnel costs and lowered international competitive strength, because "there is plenty of cheap and excellent labor there" (as stated by Dae Group Chairman Kim U-chung).

However, many experts on Japanese and South Korean affairs point out the possibility that there will be an "ironic scenario" (as stated by Yi Chong-sup, staff member of the Sechong Research Institute) in which North Korea's promotion of the opening-up policy, on which it is staking its existence, will gradually demolish its current rigid political system from the bottom.

The worsened South-North relationship after President Kim Il-song's death is another source of concern.

With regard to the South-North dialogue, the U.S.-DPRK agreement included only the basic policy of "resuming" it. South Korean Foreign Minister Han Sung-chu stressed: "The United States and South Korea understand that although the opening of liaison offices by the United States and North Korea in each other's capital is not connected with South-North relations, the idea will be carried out in accordance with the South-North dialogue."

Each Nation's Intentions Are Complicated

However, many people in Seoul are apprehensive that Secretary General Kim Chong-il intends to use South Korea as a "villain" in an effort to consolidate the country's unity until he is convinced of the stability of the post-Kim Il-song regime. If South-North relations are left unsolved, relations between South Korea and Japan as well as the United States may become awkward.

While avoiding North Korea's collapse, which may cause many refugees, how can we smoothly lead the country to an open political system?

Efforts to set up an equation for "having the Korean peninsula break away from the Cold war structure" have just gotten under way, with South-North kinship relations; the intentions of Japan, the United States, China, and Russia exercising new influence; and other factors becoming variables.

Asiad Invitation for Taiwan President Discussed

OW2610132094 Tokyo AERA in Japanese 17 Oct 94 pp 66-67

[Article by Katsuhiko Shimizu and Chisako Mitsumatsu of AERA, and TZU-YU SHIH-PAO reporter Luo Wen-shen from Taipei: "The Truth About 'Inviting' Taiwanese President Li Teng-hui"]

[FBIS Translated Text] Mutaleb, secretary general of the Olympic Committee of Asia (OCA), was in Taipei when Iraq invaded Kuwait on 2 August four years ago.

He was visiting the participating countries and regions to make arrangements for the Beijing Asian Games, which were to be held the next month.

At 1900, when he turned on the television in his hotel room, the news said: "Kuwait invaded." Overwhelmed by the fact that he had lost his country, the Kuwaiti secretary general started sobbing loudly.

Chang Feng-shu, president of the Taiwanese Olympic Committee [TOC], was with him in the room.

Taiwanese officials made arrangements for the secretary general to go to the United Kingdom, where he had requested to go temporarily, and "When it was learned that, a week after Mr. Mutaleb arrived in the UK, he was in financial difficulties, it provided US\$5,000 for him." (Taiwanese newspaper CHUNG-SHIH WAN-PAO 8 September 1994).

OCA President Fahad, a member of the Kuwaiti royal family, was killed in the battle during Iraq's invasion. When Kuwait was at its greatest crisis, Taiwan happened to show "Huannan chien chenching (One's true feelings are revealed when you are under hardship)."

Taiwan's President Li Teng-hui, once invited by the OCA, was not present at the 2 October opening ceremony of the Hiroshima Asian Games.

If Li were to be invited, China's backlash against it would be inevitable, because it maintains: "There is only one China. Taiwan is an inseparable territory of China." In fact, it actually turned out to be so. Then why did OCA President Ahmad, the first son of former OCA President Fahad, dare to take such an action that would lead to confusion?

Arriving in Hiroshima on 30 September, Ahmad denied at a news conference that the OCA was asked by Taiwan to invite its president. He said, "The invitation was sent out of good will" to President Li. To the question of if he lacked an understanding of the political situation in east Asia, he simply replied, "I am aware of the various circumstances in China, Taiwan, and Japan. They are the issue of these countries, and not ours."

Big Help in the OCA Presidential Election

Taiwan's newspapers are also trying to solve the riddle.

A secret story of four years ago has been disclosed recently by TOC Vice President Song Yong-chuan. He stresses, "It was only natural to treat a guest kindly who happened to be in Taiwan when his country was invaded. There was no special intention (such as to place him under our obligation)."

Nevertheless, it goes without saying that Ahmad was well-informed by OCA Secretary General Mutaleb, who

had been managing the OCA as the right-hand man of the late Fahad, about "what Taiwan had done for him."

The TZU-YU SHIH-PAO of 9 September says, "Those considerations served as a major factor in inspiring the OCA to invite President Li to attend the Hiroshima Asian Games."

Another factor is Taiwan's endeavor to realize Ahmad's ascension to the post of OCA president.

The general meeting of the OCA, which was convened during the Beijing Asian Games in September 1990, tried to elect a president, a post which had been vacant. While Arabian nations supported Ahmad, China fielded Hou Cheng-liang, president of the Chinese Olympic Committee, to run for the presidency.

Bringing the 2000 Olympic Games to Beijing was China's "political issue" at that time. China, which has become Asia's largest sports power, wanted to represent the Asian sports world both in name and in reality.

TOC President Chang Feng-shu is Key Man

The general meeting was extended after a conclusion was not reached. Ahmad might have thought, "As things stand now, the initiative will be taken by China." In contrast, Taiwan acted positively "in favor of Ahmad."

The key to the truth of the incident for Taiwan is TOC President Chang.

Chang seemed to have hinted to Ahmad, who was in Taiwan in August last year to attend a conference, "to invite President Li." The Taiwanese side was the first to make a move.

Nobody in Taiwan is ignorant of President Li's earnest wish to visit Japan while he is in office, whose term is until 1996. A graduate of Kyoto University and a Japanophile, Li has liked kendo from his young days, and still shows a strong interest in sports.

Taiwan is running for the host of the Asian Games in 2002, with either Taipei or Kaohsiung as its site.

It was calculated that if Li was to visit Japan as the person in charge of such matters, "Limiting his purpose to the area of sports would avoid the issue of his visit becoming a political issue (which would arouse China)." Chang made up his mind this February. Chang approached Li about "his attending the Hiroshima Games."

Ahmad arrived in Taiwan on 26 June. The next day, the National Political University awarded an honorary Ph.D. to the OCA president. Meeting with Ahmad, Li conferred a decoration, and had a pleasant chat with him.

As a matter of fact, Ahmad directly handed the invitation to the president during this meeting.

This fact was hidden completely, and it was not made public even within Taiwan. From this, we learn how cautious Taiwan was in handling the matter.

But China's "pressure to prevent Li from visiting Japan" was effective after all, and Ahmad was forced to make an announcement which was virtually a "cancellation of the invitation."

After this announcement, Ahmad reportedly said to TOC officials who visited Kuwait, "I somehow want to visit Taiwan and pay my respects to President Li. China will apply pressure once it learns about this, but I would like to go there even if it will be as short as an hour."

Taiwan's Public: "President's Visit to Japan To Materialize Next Year"

Li has not given up his earnest wish to visit Japan yet. His next opportunity to visit Japan, which is much talked about in Taiwan, will be: "He will be invited to attend a meeting of the alumni association of his alma mater, Kyoto University," or "He will participate in the Asian Open Forum, which is a place for private-sector research, to be held in late October. There are many Taiwanese media predictions that if he visits Japan in a "private capacity" in either case, "Japan's Foreign Ministry will have to tacitly allow him to enter Japan."

The Asia-Pacific Economic Cooperation (APEC) conference is to be held next year in Osaka. There are many other "next" opportunities.

To remind the world of the existence of Taiwan, which has been neglected internationally, Li made a tour of three Southeast Asian nations during February's Chunchieh (the lunar New Year). He was treated virtually as a "sovereign" anywhere he went, and his newly devised "holiday diplomacy" was a success.

About his visit to Japan, the "final destination" along with the United States, the popular view in Taiwan now is that "His visit may be impossible this year, but it will certainly be realized next year."

Spacecraft Joint Development Planned With Europe

OW2710131294 Tokyo ASAHI SHIMBUN in Japanese 23 Oct 94 Morning Edition p 1

[FBIS Translated Text] The Science and Technology Agency [STA] approved a plan to develop with the European Space Agency (ESA) a vehicle designed to transport food and fuel to a space station. After being launched by a rocket, the vehicle will deliver cargoes by docking with the space station. It is a "door-to-door delivery service in space." The STA and ESA will be able to save transportation costs by using this craft instead of U.S. space shuttles, which are expensive to launch. The STA and ESA will have concrete discussions for the joint project at a specialists' meeting scheduled for Tokyo in November.

The United States, Japan, Canada, and Russia will jointly build the space station, which will be completed shortly after 2000. It will be used for 10 years. During this time, it is necessary to transport space station crews and supplies, such as test equipment, food, water, and fuel, about four times a year.

Japan and Europe were planning to transport goods and crews by U.S. space shuttle. Since one space shuttle launch costs as much as about 70 billion yen, Japan and Europe decided to use Japan's H-2 rocket (whose launching cost is about 19 billion yen) and the ESA's Ariane rocket (launching cost is about 10 billion yen) to ship goods to their experimental modules, which will be constructed in the space station. Although they can send payloads near the space station, these rockets cannot dock with it.

The vehicle, which the STA and ESA plan to develop jointly, is called an orbital transport spacecraft and is shaped like a capsule. It will be attached to the top of the H-2 or other rocket and launched to an orbit at an altitude of 400 kilometers, where the space station will be located. After that, the vehicle will be guided by remote control to dock with the space station. For the time being, the STA and ESA are not planning to recover the vehicle for reuse.

Japan plans to develop a Japanese version of an unmanned space shuttle called "Hope," which will be able to dock with the space station. It will be launched by around 2005. The transport vehicle will be used until then. However, to Japan, the joint development has the merit of studying technologies needed to develop "Hope." On the other hand, it is said that the ESA—which gave up a plan to develop a European version of the space shuttle called "Esmel" [name as published] and had started to develop its own transport vehicle to transport materials and pilots [to the space station]—will be able to keep down its own development costs.

Aluminum Project With Brazil Announced

OW2710114194 Tokyo KYODO in English 1919 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—The Ministry of International Trade and Industry (MITI) on Thursday [27 October] worked out a new relief package for the struggling Japan-Brazil aluminum project in the Amazon.

The step is designed to secure a stable supply of aluminum to Japan and enhance Japan-Brazil economic cooperation, MITI Vice Minister Hideaki Kumano said in a news conference.

"Japan, as the major aluminum consuming country, also has financial responsibility to support an international aluminum project," Kumano said.

The package features a capital increase of 6.1 billion yen for the nearly 20-year project—3 billion yen to be put up by Japan and the remaining 3.1 billion yen by Brazil, MITI said.

The Japanese portion will be equally shouldered by the Overseas Economic Cooperation Fund and the private sector, MITI said.

The aid program also calls for a cut from 5.0% to 4.5% in interest rates on loans by the Export-Import Bank of Japan and deferral of such loan payments.

The aluminum project was launched in 1976 and a plant began producing primary aluminum in 1985 at an annual pace of 160,000 tons. But the project did not make a profit, leading to a rehabilitation program in 1987.

Under the renewed project, the plant now produces primary aluminum at an annual rate of 345,000 tons. But the project has been in financial difficulty, reflecting slack aluminum prices and growing interest payments, MITI said.

Japan and Brazil have spent a total of 265.9 billion yen on the project. The latest aid package will be approved by the cabinet Friday, the ministry said.

Tokyo To Ban Counterfeit Semiconductors' Imports

OW2710131594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Oct 94 Morning Edition p 5

[FBIS Translated Text] The government has decided to ban imports of counterfeit semiconductor goods made with illegal copies of integrated circuit (IC) designs. In line with the GATT Uruguay Round agreement on trade-related aspects of intellectual rights (TRIP), the import ban was incorporated in a revision of the Tariff Rate Law submitted to the Diet on 24 October. When the revised Tariff Rate Law takes effect, illegal copies of semiconductors will be blocked at Customs.

IC designs for semiconductors is considered an intellectual property right, just as copyrights and trademarks are. Development of new IC designs is very costly, but they can be easily copied from even a photo. Advanced nations are calling for reinforced protection of IC design rights. The Uruguay Round agreement requires all member nations to provide systems to control imports of counterfeit goods when holders of intellectual property rights file complaints.

Major Export Contracts Drop in Value Again

OW2710113894 Tokyo KYODO in English 1931 GMT 27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Japan's 19 major trading firms said Thursday [27 October] the value of export contracts they concluded in the April-September period dropped a year-on-year 3.1% to 5.75 trillion yen, extending the losing streak to eight half-year periods.

Import deals also fell a year-on-year 14.6% to 6.12 trillion yen for a decline for the seventh straight six-month period, the Japan Foreign Trade Council said in a monthly report.

In dollar terms, exports amounted to 57.08 billion dollars, up 3.2% from the same period a year earlier, and imports came to 60.57 billion dollars, down 9.2%.

The organization said exports showed declines across the board, except for ships and chemical products.

Ship export contracts increased 30.6% on strong demand for oil tankers, chemical ships and liquefied natural gas (LNG) carriers.

Export contracts on chemical products rose 8.4% thanks to brisk orders for synthetic fiber materials from Southeast Asia, and those for petrochemical materials from China.

Exports of automobiles, however, dropped 6.4% from a year earlier. Those to the United States and Western Europe were particularly weak because Japanese cars have lost their competitive edge in prices due to a strong yen against other currencies.

Exports of plant equipment declined 9.5%, and those of other machines fell 5.3% due to sluggish demand partly in a reaction to brisk demand a year earlier, the organization said.

By country, exports to such areas as Southeast Asia, Africa and Latin America showed a double-digit increase, but those to other major world markets including the U.S., Europe, and China all dropped.

Imports during the April-September period were sluggish, particularly in fuel, machinery and metals compared with a year earlier. Fuel import contracts declined 22.6%, machinery 38.1%, and metals 15.3%.

Food import deals increased 7.1%, with rice from the U.S., Australia and China rising. Textile imports rose 7.1%.

Overall, imports increased from China, Latin America and Africa, but declined from the U.S., Western Europe, Southeast Asia and Middle East.

In September alone, the organization said its 19 member trading houses signed export contracts worth 1,558.5 billion yen, down 12% from a year earlier while import contracts dropped 32.8% to 1,457.9 billion yen.

In dollar terms, exports dipped 6.2% to 15.77 billion dollars, while imports dropped 28.4% to 14.76 billion dollars.

Exports rose in chemicals and automobiles, but fell in plants, ships and other machineries.

Imports declined in almost all products except for textile, it said.

Ministry Plans To Ease Cellular Phone Rules

OW2710132594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Oct 94 Morning Edition p 7

[FBIS Translated Text] On 19 October, the Ministry of Posts and Telecommunications [MOPT] revealed that it

will propose easing regulations on cellular telephones (car and portable phones) and personal handy telephones (PHS) [acronym as published]. On cellular phones, the ministry will propose a "comprehensive frequency-designated permit system"; and for the PHS, it will propose allowing the use of radio waves to transmit PHS subscriber information, making it unnecessary to install connectors at terminals. The proposal will be referred to the Radio Regulatory Council (advisory panel to the MOPT minister) on 21 October, and will be implemented in January 1995 if approved.

The adoption of a comprehensive frequency-designated permit system is a major part of the telecommunications area of the government deregulation plans announced in July. Since cellular phones need radio waves to transmit to base stations, each of the base stations has 10-20 radio frequencies in operation.

So far, each time cellular phone companies set up new base stations or assign additional frequencies to existing stations, they have had to obtain ministry approval—about a month in advance—on the changes for these stations plus six-to-seven other stations whose radio frequencies need to be changed to prevent the new frequencies from interfering with their signals. Expenses incurred in this approval process have been substantial.

The comprehensive permit system enables the companies to change frequencies on their own, thus enabling them to save on both expenses and time.

PHS deregulation is planned because the system is expected to become popular beginning next year. In the current cellular phone system, new subscribers' phone numbers and personal information need to be fed in by connecting phone retail stores' data-write-in machines directly with terminals. The deregulation will make such direct connection unnecessary, and will authorize the information to be transmitted and recorded via radio waves. This means the trouble of using the writing-in process will be eliminated, and terminal designs can have more latitude.

Financial Sector Foresees Hike in Discount Rate

OW2710112794 Tokyo SHUKAN DAIYAMONDO in Japanese 29 Oct 94 p 20

[Unattributed article: "The Factor That Lends Credibility to the Speculation About a Possible Raise in the Official Discount Rate"]

[Text] Amid a gradual economic recovery, the financial world is rife with speculation that the Bank of Japan [BOJ] may soon raise the official discount rate. The sudden changes in BOJ Governor Yasushi Mieno's remarks have made people think this.

Until now, Mieno has been saying that the national economy was "gradually heading for recovery." This statement had to be interpreted as: Although there are

signs of a gradual economic recovery, the situation is far from reassuring, because a further appreciation of the yen against the dollar can still spoil the upturn.

However, at a 12 October news conference, Mieno went one step further and declared that the economy was "gradually recovering." But he also added: "The situation still needs to be watched carefully, because there are still some negative factors. For instance, the unusually hot summer helped stimulate personal consumption, but we cannot expect this positive effect to continue.

Despite this cautious remark, it was obvious that he had changed his judgment on current economic conditions, after taking into consideration several encouraging factors, such as a rise in production. Such a change cannot be ignored, because monetary policy is based on the assessment of economic conditions.

Concerning the recent increases in market interest rates, Mieno suggested that the central bank has no intention arresting the increase, which is believed to be a response to a gradual economic recovery. "I cannot say that market interest rates rise is undesirable, as long as there are encouraging signs for an economic recovery," he said.

However, over the past few years, the BOJ has given the same explanation every time it announced a change in the official discount rate. "Our principle is to maintain a wait-and-see policy until the range of fluctuations in market interest rates goes beyond a certain level. A change in the official discount rate follows in the wake of market interest rates," the BOJ repeatedly said.

Mieno's declaration of "recovery," and his comment that the central bank will "allow market interest rates to edge up," will do nothing but accelerate the increase in market interest rates. In other words, his remarks will inevitably hasten the timing for raising the official discount rate.

Moreover, Mieno has repeatedly said that the last time G-7 finance ministers and central bank governors met, they agreed to deal with potential inflationary pressures to ensure the world economy's future, adding that this agreement was quite natural. Many people see this as a sign that he will soon raise the official discount rate, because this remark will considerably help Mieno justify the increase when it is officially announced.

If the BOJ is really contriving to increase the official discount rate as soon as possible, what could be the real reason?

Ostensibly, it would be that an increase in the official discount rate is necessary to deal with potential inflationary pressures that will be caused by the economy's "cumulative effect." (When the economy picks up, final demands tend to stimulate one another, accelerating the speed of economic growth, and bringing about inflation. This is what is called the "cumulative effect" of the economy.)

Meanwhile, city bank officials think that Mieno's move to implement a hike in the official discount rate is closely related to the fact that his term of office will expire soon.

A former administrative vice minister of finance is to succeed Mieno as BOJ governor in mid-December. Under the new governor, BOJ career officials will probably have more difficulty in pressing an anti-inflationary monetary policy, since the new governor, as a former high-ranking government official, might veto such a policy based on political judgment. Therefore, BOJ career officials might conclude that it would be wiser to clearly indicate the direction of their monetary policy in advance, by implementing a rise in the official discount rate while Mieno is still in office.

Unfortunately, there is not much time left for Mieno. No one knows yet if Mieno will meet BOJ career officials' expectations.

Official on Needed Measures

*OW2810100194 Tokyo KYODO in English 0943 GMT
28 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—A top official of the Economic Planning Agency (EPA) said Friday [28 October] that "appropriate measures" will be needed if interest rates rise further.

But EPA Vice Minister Tsutomu Tanaka added that now is not the time to take action.

As for the current interest rate situation, he said that expectations of economic recovery are reflected in the rate increases.

Ministry Said Wanting To Unload NTT Shares

*OW2710111894 Tokyo KYODO in English 1911 GMT
27 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—The Finance Ministry will continue monitoring the stock market to realize the planned further unloading of Nippon Telegraph and Telephone Corp. (NTT) shares in the current year, a senior ministry official said Thursday [27 October].

"We would like to unload NTT's shares if possible as it is included in the budget for the current year," Vice Finance Minister Jiro Saito told reporters after the privatized Japan Tobacco Inc. (JT) had a poor performance on the first day of trading on the Tokyo, Osaka and Nagoya exchanges.

But he indicated that the plan to sell more NTT shares could be dropped again if the market remains sluggish.

"I can't say anything definite, and we must consider measures after closely monitoring the market for little longer," Saito said.

Saito noted that the sluggish results of the prelisting public offering had led the ministry to freeze numerous

unsold shares for the current fiscal year and said the ministry would try again in the next fiscal year or later.

He said he would listen to various opinions before determining further measures and reviewing privatization methods.

Some 41

of the 666,666 JT shares, one-third of the two million government-held shares planned for sale, remained unsold as investors gave up their buying rights obtained through two rounds of lotteries.

After fetching an initial price of 1,190,000 yen, JT stock closed the first day on the Tokyo Stock Exchange at 1,110,000 yen, down sharply from the publicly offered price of 1,438,000 yen. Turnover came to 40,460 shares.

The former tobacco and salt monopoly is the third former state-run company to be privatized, following NTT and East Japan Railway Co. but is the first to suffer an initial price fall.

Takemura: Special Corporate Taxes Need Review

*OW2710063994 Tokyo KYODO in English 0307 GMT
27 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Finance Minister Masayoshi Takemura underlined Thursday [27 October] the need to review preferential corporate taxes to achieve fair taxation.

"I don't think everything is wrong, but there is a need to 'scrap and build' them (corporate taxes) by looking for something whose purpose has already been achieved to a certain extent," Takemura told the House of Representatives' special committee on tax reform.

Asked by a lawmaker from the Liberal Democratic Party to comment on the increasing number of foreign firms shying away from the Japanese capital market, Takemura said the phenomenon has good and bad aspects.

"There are many factors. For example, there is increased trade in Japanese shares in London, and more delistings of foreign firms from the Tokyo Stock Exchange," he said.

"But with regard to increasing trading in Japanese shares abroad, it can be seen as a sign of the internationalization of Japanese firms," Takemura said.

Murayama Cabinet's Support Rate Up 'Slightly'

*OW2710123694 Tokyo YOMIURI SHIMBUN in
Japanese 26 Oct 94 Morning Edition p 2*

[FBIS Translated Text] YOMIURI SHIMBUN conducted a nationwide poll on 22 and 23 October to find out the trend of public support for the Murayama Cabinet. The support rate for the cabinet was found to be 44.7 percent, a 1.6-point increase from the previous month. The non-support rate for the cabinet was 38.7

percent, 2.9 points less than the previous month. This was the first time that the non-support rate for the same cabinet dropped to less than 40 percent. It seems that this [drop in nonsupport rate] can be attributed to Prime Minister Murayama's personality as well as to the fact that his cabinet has not suffered a major defeat in Diet deliberations; he is handling debates at the extraordinary Diet session without problems. In response to a question on support for parties, 44.8 percent of the respondents answered that they support "no party in particular." This is the second worst support rate and is slightly higher than a February survey turnout. In a survey conducted in February, 45.2 percent of respondents answered the same. The percentage of respondents who answered they supported "no party in particular" remained at the 40-percent level for six consecutive months. This indicates that there is a serious tendency of voters continuing to leave parties.

Among other things, the main reasons for supporting the Murayama Cabinet are: "it is better than the previous cabinets formed only by the Liberal Democratic Party [LDP]," "the prime minister can be trusted," and "it is better than the former non-LDP coalition cabinet." The reasons for not supporting the Murayama Cabinet, in order of percentage, are: "cannot approve its political stand," "it is unstable," and "cannot approve its policies."

On support rates for parties, 26 percent of the respondents supported the LDP, 10 percent for the Social Democratic Party of Japan, and 5 percent for Shinseito [Japan Renewal Party]. Japan New Party and Komeito [Clean Government Party] won 3 percent each. The support rate for the LDP and Shinseito dropped 4 points and 1 point respectively compared to the previous month. The support rate for other parties either decreased or increased slightly. Shinseito's support rate was the worst since the party was formed. Those who answered that they "support no party" increased 4 points. It seems that this 4-point increase came from the drop in support for the LDP.

In YOMIURI SHIMBUN surveys conducted before 1994, more than 40 percent of respondents answered that they supported "no party" only twice (in March and May 1989). This happened during the closing period of the Takeshita administration. The worst record in support rate for parties was in February this year. The party support rate has remained at the 40-percent level since May.

None of the parties have been able to satisfy people who are disaffected with politics. Although people were expecting full-fledged debates at the Diet, the ruling and opposition parties are only slandering each other. It seems that these are the factors adding fuel to people's distrust of politics.

Bill Allowing SDF To Airlift Japanese Passes

OW2810053794 Tokyo KYODO in English 0451 GMT
28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—The House of Representatives passed Friday [28 October] a bill allowing the Self-Defense Forces (SDF) to fly government-owned planes and SDF cargo aircraft overseas to rescue Japanese citizens during emergencies.

Members of all parties, except for the Japanese Communist Party, voted for the bill. It is expected to be enacted during the current extraordinary Diet session after passing the House of Councillors.

The bill to amend the SDF law allows the use of government-owned planes on rescue missions in cases such as military conflicts and natural disasters.

The bill in principle limits the type of planes to be used for rescue missions to two Boeing 747 Jumbos usually used to carry imperial family members and government leaders on official overseas trips.

But it allows the use of SDF cargo planes if runways at destination airports are too short for a Jumbo jet to land or when the number of Japanese citizens seeking to be rescued is small.

A similar bill submitted in 1992 by the government of then Prime Minister Kiichi Miyazawa passed the lower house but died without becoming law when the lower house was dissolved in June last year.

The current bill was submitted in November last year by the government of then Prime Minister Morihiro Hosokawa.

*** Election Urged To Consolidate Political Trust**

942A0750A Tokyo SHUKAN JIJI in Japanese
17/24 Sep 94 pp 51-53

[Article by Minoru Morita in the "Periscope on the Political World" column]

[FBIS Translated Text] What is the most important thing at the moment?—It is to determine the redistricting for the new election system and to carry out a general election under that new system.

I'll tell you the reason why.

First. Since the time of the Recruit scandal, the foundation of Japan's politics has become strange. There were many outrageous cases even before then, but the Recruit scandal was the first time I felt that the roots of politics had started to rot. It seems that hypocrisy and self-righteousness are rampant. There is no longer any moderation and no one has a sense of shame any more. Political reform, which means reforming the election system, gained momentum as a result of the Recruit scandal, but it was frustrated many times by Machiavelian trickery.

The cabinet was reshuffled many times. Disputes became chronic. There is only one way to put an end to this corrupt and degenerate period of strife—hold a general election under the new system. Our national politics is now in a dark tunnel. With a general election, our nation's politics can escape from the tunnel.

Second. The Murayama Liberal Democratic Party [LDP]-Social Democratic Party of Japan [SDPJ]-Sakigake [Harbinger] coalition cabinet must immediately be judged by the people. The formation of the Murayama coalition cabinet goes beyond the voters' common sense and tramples on the pledge made to the people by the LDP, SDPJ, and Sakigake during the 1993 summer election.

Before anything else, the Murayama cabinet, which was formed in violation of the people's common sense, and the public pledges made in the national election, should be judged by the people. Under a government of parliamentary democracy, it is normal that political power is decided by the people's vote. It would be a violation of the fundamental rules of democracy if an administration that was formed without the participation of the people were to continue for a long time. The Murayama cabinet's first priority should be to speed up the introduction of the redistricting for the new election system, and to dissolve the lower house of the Diet in order to hold a general election under the new system.

Third. In order to regain trust from the democratic countries in Europe and the United States, there is no other way except to hold a general election. The Murayama LDP-JSP-Sakigake coalition government is very popular among Asian countries. This summer, Chinese leaders repeatedly told LDP Diet members and the former prime minister, who went to China to pay "tribute diplomacy," that they "are hoping for the longevity of the Murayama cabinet." This is not simply diplomatic rhetoric. China feels strong affinity for the Murayama cabinet. It is because this cabinet is led by the SDPJ, which among all Japanese political parties is the closest to the Communist Party of China.

The Murayama cabinet is also popular among the governments of the Southeast Asian countries. There are three reasons for this.

1. The Murayama cabinet regards Asia as important. "Until now the Japanese Government's policy was to put first priority on the United States, but the Murayama cabinet takes Asia as the first priority," says a diplomat from a Southeast Asian country.

2. The Murayama cabinet considers "apology and compensation" as a most important topic.

"The LDP government did not even try to apologize or compensate. The Hosokawa and Hata cabinets apologized, but would not have offered compensation. Prime Minister Murayama said he would apologize and compensate. Prime Minister Murayama is the best Japanese prime minister for Asia." These are also the words of an Asian diplomat.

3. Japan under the Murayama cabinet is a moderate nation with which foreign countries can feel safe. "Japan under the power of the Liberal Democratic Party maintained a powerful solidarity and had an ominous strength. But under the Murayama administration, Japan is trying to exist as a moderate and weak country. Asian countries feel secure." These are also the words of an Asian diplomat.

But the Murayama cabinet does not have a good reputation in the United States and European countries. It is completely opposite from the case in Asia. The U.S. mass media severely criticized the Murayama coalition administration when it was formed, saying such things as "it is like a declining Gorbachov extending his hand to Zhirinovskiy, hoping to be saved." Public opinion in the United States sees the Murayama government as unreliable.

Public opinion in Japan is split evenly. The Murayama cabinet is supported by Asian countries and half of the Japanese people, but is despised by the United States, the democratic countries of Europe, and the other half of the Japanese people. There is only one way to change this situation, and that is to hold a general election.

It All Comes to a General Election

Fourth. There are several important policy issues which should be decided by the people. One is whether Japan should become a permanent member of the UN Security Council. There is division between the Diet member level and the political party level on this issue. Under such circumstances it is best to entrust the matter to the people. This is an important enough matter to do so. I personally think Japan should be a permanent member of the UN Security Council, but this should be decided by a general election.

The other problem is the tax system. Government revenue has decreased because of the depression lasting for three years. Moreover, we have to carry out an income tax and resident tax reduction on the scale of 6 trillion yen, as Japan promised the United States. Preparation for the future aging society is also necessary. This will require raising the consumption tax, but the Murayama cabinet is negative about this. The ruling and opposition parties are opposing each other on this. Public opinion is also split. This matter must also be decided by a general election.

The Murayama cabinet and the coalition parties are desperately trying to avoid a general election, but stopgap measures must end. If they are confident that the formation of the LDP-JSP-Sakigake coalition government is proper, then they should bravely ask the trust of the people. I want to tell them not to shirk from this.

Murayama Regime's 'Gentle Politics' Questioned

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[Article by Soichiro Tahara, political commentator: "The Pitfall of the Murayama Regime That Advocates 'Gentle Politics'"]

[FBIS Translated Text] *The Liberal Democratic Party (LDP)—Socialist Democratic Party of Japan (SDPJ) coalition regime which has surprised the people—behind the scenes of its birth and its political capability are questioned.*

The Word "Gentle" Which Includes Ambiguity and Contradiction

Prime Minister (Tomiichi) Murayama used the word "gentle" five times in his keynote address to the Diet: "politics gentle to people," "a gentle nation rather than a strong nation," "pursue gentleness to mankind," etc.

What does it mean? To whom is the repetition of the word "gentle" directed and what does he mean by gentleness?

Carefully considering the position of Prime Minister Murayama, various contradictions emerge. What is "a gentle nation rather than a strong nation"? For example, some nation in the world disturbs the order of peace or commits destructive acts. Iraq invaded Kuwait. When such incidents occur, what will Japan do against that invasion? Is it gentle to cooperate in restoring the peaceful order, or is it gentle not to cooperate?

If we do not cooperate, we will be bathed in world criticism. That would not be a gentle nation, it would be called a lazy, irresponsible nation. What does "a gentle nation" do and not do? The difference between "strong" and "gentle" is easy to see at a glance in the words, but when you consider specific events and real situations, it becomes very vague.

Or, an income tax cut probably is gentle politics to the people. However, when it comes to what will be done for a revenue source, the consumption tax rate probably will be increased under the present common sense. Is raising the consumption tax rate gentle politics or nongentle politics? Prime Minister Murayama may say that there are various things to do before raising the tax rate. Administrative reform, for example... However, a big pillar of administrative reform is employment adjustment and the problem of personnel cuts will appear. Are personnel cuts of civil servants gentle politics? Or, is such a thing possible for the SDPJ which is supported by labor?

The gentle politics, if not careful, may mean that to postpone difficult problems or problems that people should share the pain, without solving. In other words, it will become irresponsible politics if matters that people do not want to hear or unpopular are postponed and glossed over.

What are the intentions of Prime Minister Murayama who rapidly fires off a barrage of the word "gentle" which includes such ambiguity and contradiction? Listening to his keynote address, one becomes skeptical about it as one listens to it several times more.

On the day before Prime Minister Murayama gave his keynote address, I questioned General Secretary (Wataru) Kubo on a television program: "How does the case where you created a regime together with Shinseito [Japan Renewal Party], Komeito, and Japan New Party (JNP) differ from the case where you create a regime with the LDP? How has your platform changed? What will you do in creating a regime with the LDP?" However, since Secretary General Kubo is a very honest human being and a gentleman, he couldn't speak falsely. He made a very perplexed face and could not answer my question.

One of LDP's Refutation on Criticism of Illicit Union

In creating the current regime, even if it were to create a regime by the former political regime—Shinseito, Komeito, and JNP—it could not create it without coalition with the SDPJ.

On the other hand, even though the LDP tried to take political power, a regime could only be created by a tieup with the SDPJ. In the view of the SDPJ, it were as if the SDPJ had two bridegrooms for one bride. The SDPJ had the choice—whether it creates a regime joining with Shinseito, Komeito, and JNP or it creates a regime joining with the LDP and Sakigake.

An officer of the LDP thus answered my question just half a month before the Murayama regime was born:

"We will join with the SDPJ. It doesn't matter if we are disparaged as an illicit union or collusive liaison. The LDP has been placed in an unduly low position by being an opposition party for one year, and everyone is becoming emaciated. If the situation as an opposition party continues this way, people in the LDP will break up and be scattered. Even if we don't scatter, we will wither. We cannot continue to be an opposition party any longer. Therefore, we will participate in a regime even if we may expose ourselves to severe criticism."

Seiroku Kajiyama is said to have made an appeal to the young legislators of the LDP, "If Ozawa and his men compile the national budget twice or three times, the LDP will be completely parched. We must seize political power in any form. It doesn't matter if the SDPJ chairman is made prime minister. We must seize power at any cost even if it means to expose ourselves to some criticism." I believe that it is the true feelings of both. It is easy to understand.

However, even though it is easy to understand, these are the party interests of the LDP. They are LDP circumstances and reasons, and the LDP must explain its reasons for the coalition to the people. There must be proposed reasons for the public as to what they are planning to do and what kind of regime they are planning to make.

So, I said to Junichiro Koizumi, "It is a big illicit union and it is not logical." Then, Koizumi refuted this saying,

"It is an anachronism to say that the LDP-SDPJ-Sakigake coalition regime is an illicit union or a collusive liaison."

Times have greatly changed. The Soviet Union has collapsed, the Cold War structure has disappeared, and there is no longer the East-West opposition. Except for the Japan Communist Party (JCP), all the parties substantially have no difference in policy. The era when the LDP and the SDPJ can join together has come. That is a big change in the times and this is a coalition with historical significance. So, he said.

It is noteworthy for the very fact of the change of the times and saying that it is an illicit union or collusive liaison is a kind of anachronism that does not note the change in the times—that was the counterargument by Koizumi.

This refutation is extremely exculpatory, but it has some truth. Certainly, with the liquefaction phenomena in the world today, all the political parties, except for the JCP, no longer greatly differ in policy. However, there must be a positive reason that the LDP and SDPJ are joining together. If that was the reason, why is it an LDP-SDPJ-Sakigake coalition, when it could join with Shinseito, Komeito, or with JNP? When I said that there must be a positive proposed reason to explain this to the people, one of the YKK (Taku Yamamoto, Junichiro Koizumi, and Koichi Kato) said, "Tahara, the keyword has changed."

The keyword that influenced public opinion in last year was "anti-LDP." And, the "anti-LDP" official stance was political reform. However, that political reform has passed the Diet once in the form of election system reform and the official stand, or in other words, the platform has changed. So, what is the keyword this year? It is "anti-Ozawa."

Certainly, the only point of difference between when they joined the Shinseito, Komeito, and JNP and when they joined the LDP and Sakigake was whether or not there was Ichiro Ozawa. In that sense, the keyword of "anti-Ozawa" is easy to understand.

Battle Between Ozawa and Takemura Is Direct Opposition in Both Concepts and Policies

Actually, there is the view that the Murayama regime is one conclusion to the fight between Ozawa and Takemura. Actually, the political situation for about the past year has been a continuous battle between Ozawa and Takemura.

The first act of the fight between Ozawa and Takemura was at the time of the inauguration of the (Morihiro) Hosokawa cabinet. It is said that at that time, Ozawa was thinking about someone from Shinseito for chief cabinet secretary. However, Takemura is also a smart fellow and without a moment's delay had Hosokawa say, "The chief cabinet secretary will be Takemura" and became chief

cabinet secretary. However, Yukio Hatoyama of Sakigake became deputy chief cabinet secretary, and Shusei Tanaka became aide to the prime minister. In other words, Sakigake got complete hold of the Prime Minister's Official Residence.

After that, Ozawa and Takemura became opposed in everything and the discord gradually became decisive.

That is because the politics in which Ozawa and Takemura believe are directly opposed.

Ozawa's keyword is self-responsibility and he believes that a society where independent men act of their own free will is the ideal society. For that purpose, he would thoroughly relax regulations and create a society that can compete freely. Since the society today, speaking in the manner of Ozawa, is an authoritarian, bureaucrat-led society, we must weaken the power of the bureaucrats and change to a democratic society. It should be small government, not big government where everything is regulated by central authority. And, internationally, Japan must be an ordinary nation that can act with free will in international society.

As opposed to this, Takemura does not necessarily approve of free competition. In free competition, if not properly handled, it tends to become the stronger prey upon the weaker. Rather, it must be a society where the weaker can live with peace of mind. Protection of the weaker is necessary for that reason. Regulations to a certain extent are necessary if there is to be proper protection and welfare for the weaker, and there will naturally be big government. Then, in international society, Japan will be devoted to a nonmilitary contribution as a small military country. We should not wield great power in the world even if we are held in contempt. We will be "a nation that is small but shines brightly." These are words of criticism in the scathing Takemura style against the "ordinary nation" of Ozawa.

It was late in December 1993 when relations between Ozawa and Takemura became decisive, or rather, Ozawa openly plotted against Takemura. In a secret meeting between Ozawa and Hosokawa, Ozawa proposed to Prime Minister Hosokawa that a new party be created. Since it is difficult to create a new party all at once, as the stage prior to that, they would create a parliamentary group. This was Proposal No. 1.

Proposal No. 2 was that there is a person who blocks this. That is Takemura. Therefore, he urged Hosokawa to fire Takemura.

Hosokawa was taken in by this. However, his calendar was crowded with the liberalization of rice, political reform, tax system reform, and the U.S.-Japan summit talks, and Hosokawa could not find time to fire Takemura. During that period, the two months from late in December to February, Takemura worked hard, creating the trio of Takemura-Murayama-(Keigo) Ouchi and tried hard to contain the demands of Ozawa and his

men. Directly after his returned from the U.S.-Japan summit conference, Hosokawa attempted to remove the chief cabinet secretary by a cabinet reshuffle, but ultimately it became a fettered situation and ended in a misfire.

Just a little before Hosokawa announced his intention to resign, Ozawa began scheming Michio Watanabe's candidacy for the premiership. The main objective was to split the SDPJ. The regime could not be run with assurance unless the leftwing of the SDPJ was cut off. However, to split the SDPJ directly would be difficult. Therefore, if he could split the LDP and create a Watanabe regime, the SDPJ would split in the aftermath, and 20 or 30 people in it would probably remain. However, in the end, Watanabe himself sat on the fence and the plot failed. Thus, it became the (Tsutomu) Hata regime.

Actually, in Ozawa's view, having the Hata regime itself was a blunder. Shin Kanemaru is said to have said: "Hata is suited for a prime minister in the peacetime. However, it should be Ozawa in troubled times. And it should be Seiroku Kajiyama in times of great trouble," but unfortunately they had to have Hata as prime minister in times of great trouble.

Ozawa, therefore, tried to solidify a base by creating a parliamentary group. On the other hand, he wanted to destroy somehow the trio of Takemura, Murayama, and Ouchi. It was the "Kaishin" [renovation] uproar that put these two together. By having Ouchi create a parliamentary group, he would destroy the Takemura-Murayama-Ouchi trio and take in Ouchi. This should have been a scheme like killing two birds with one stone for Ozawa.

However, here is the weakness of Ozawa that the final step was too optimistic. He intended to kill two birds with one stone by destroying one corner of the Takemura-Murayama-Ouchi trio and creating a parliamentary group. However, everything went against him and the SDPJ withdrew from the party.

The final act was the 28th and 29th of June. While regime talks between the coalition party in power and the SDPJ were being conducted, a gap was created particularly in the problem of tax system reform. The leading young members of JNP, DSP, and Shinseito said that they wanted to have the SDPJ come back even if they had to swallow SDPJ proposals. However, Ozawa refused because he already had a plan. That was the Kaifu card. It was the same concept as the time with Watanabe, but with (Toshiki) Kaifu, he thought that a lot more would come from the LDP and SDPJ than with Watanabe.

In an interview with Shinseito and JNP legislators for news coverage, I said to them: "If you had swallowed SDPJ proposals at that time, you could have been the ruling party today. Why didn't you persuade Ozawa? Was it because Ozawa was such a dictator that you could

not oppose him?" But it seem that I was wrong. They assumed that Ozawa refused because he had a good scheme, and they thought they might succeed.

So, the leading members of Shinseito and young group of JNP had pinned their hopes on Ozawa's good scheme, thinking that Ozawa could do it with the Kaifu card. However, right at that time, the LDP worked hard on the SDPJ through a pipe of the ties between Takemura and Murayama and pinned down the SDPJ. As a result, the LDP-SDPJ coalition regime was created. Although it is being called the LDP-SDPJ coalition regime, it is Masayoshi Takemura who is the man behind it.

Specific Work of Stating Platform

Both Tomiichi Maruyama and Yohei Kono are very similar to Masayoshi Takemura in political ideology and policy, and in that sense, it is clearly a "anti-Ozawa" coalition regime.

On the policy, however, there are not a few legislators close to Ozawa, such as the YKK, in the LDP and the twist phenomenon is striking.

However, something I must point out is that Ozawa has advocated "reform" like a stock phrase: political reform, administrative reform, reform of politicians themselves/.... Young politicians often kept Ozawa at a distance because whenever he met with them, Ozawa annoyed them with the idea.

Ozawa has been too forceful in this demand in his impatience for "reform." This has strengthened his strong-arm, dictatorial image. "Reform" naturally will be accompanied by pain. Having trace back this far, the target of Prime Minister Murayama's keynote speech in the Diet becomes clear. Is it an illusion to interpret that Prime Minister Murayama's target was clearly Ichiro Ozawa when he stressed "gentle politics," and "gentle politics" was criticism of Ozawa politics?

Furthermore, as opposed to the impatient "reform" of Ozawa, isn't the "gentle politics" of Prime Minister Murayama's the status quo of the current situation in the name of stability and negation of reform, or in other words, politics that postpones the solving of difficult problems for the future? One becomes concerned because the SDPJ used to be firing a barrage of honeyed slogans to avert eyes from difficult problems. How should the current Murayama regime be viewed? I believe that it is one of the symbolic events that the politics is at a turning point that politics of LDP one-party rule has been destroyed, to borrow the words of Junichiro Koizumi in reverse.

Previously, power struggles meant the mutual constraint and bargaining by the various factions of the LDP. A power struggle by an opposition party to become the party in power has been something that the people hardly ever have experienced until 1993. Nor have the politicians, except for a few, ever had the experience of a

power struggle where the party in power became an opposition party and an opposition party became the party in power.

It means that politics today has entered untrodden territory that neither the politicians nor the people have experienced. Of necessity, everything is trial and error and it begins with very basic from ABC, so to speak.

Both the Hata minority cabinet and the LDP-SDPJ coalition regime are lessons. If to cite the merit or strong point of this LDP-SDPJ coalition regime in that lesson, it is that the SDPJ is driven to a point where it must change.

Prime Minister Murayama has changed his basic position 180 degrees with maintaining the U.S.-Japan Security Treaty, constitutionality of the Self-Defense Forces, and sanction of PKO [UN peacekeeping operations]. This change itself is fine, but the problem is that neither a summarization of existing basic policy nor application of an ideology to policy change has been made.

The change from unconstitutionality of the Self-Defense Forces to constitutionality since the chairman became prime minister must be explained. Such a bit by bit handling method is dangerous.

During its opposition era, the SDPJ had the tendency of irresponsibility by postponing or looking the other way opposing difficult problems where the public had to be asked to share the pain, and during its one-party rule era, the LDP had the tendency of cunning, or neatly making it a fait accompli by handling it bit by bit without raising problems. It seems that both parties are quickly taking on each other's bad points.

Junichiro Koizumi Advocates Dismantling MPT

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[Article by Takuya Maeda, SANDE MAINICHI reporter: "Direct Hit: Junichiro Koizumi's 'True Motive' for Tenaciously Attacking the Ministry of Posts and Telecommunications"]

[FBIS Translated Text] Lower house member Junichiro Koizumi has published a book with the radical title: *Thesis for Dismantling the Ministry of Posts and Telecommunications* [MPT]. It is fresh in our memory that when Koizumi was minister of posts and telecommunications, he had a big fight with officials and zoku Diet members over a system of tax-exempt savings accounts for senior citizens. What is the true motive of Koizumi, "a plain-spoken scholar who is not in service to the government," for throwing down the gauntlet once more?

"He is no longer even a minister of state, and yet... I wish he would turn his eyes more to his work as a Diet member," a Posts and Telecommunications Ministry executive mutters with a frown.

To be sure, I feel that it is not unreasonable if Posts and Telecommunications Ministry bureaucrats wondered "Why?" and felt displeasure when Koizumi, a former minister who has deep connections to the ministry, published the book *Thesis for Dismantling*.

The paperback edition of this book has 204 pages (published by Kobunsha). Even looking at the table of contents, sensational words are lined up, such as "Now, no one would have trouble even if postal savings and post office life insurance disappeared," and "The lesion of the Ministry of Posts and Telecommunications does not show up as it did in the National Railway," which seem likely to raise eyebrows if persons related to the Ministry of Posts and Telecommunications see them.

This book is actually coauthored by Koizumi and management critic Kazuaki Kajiware. Over half is newly written by Kajiware; Koizumi's words are included in the form of a dialogue with Kajiware. According to Koizumi, he received a request from Kajiware's side saying: "Please tell me your story."

If we select a few "Koizumi passages" from the book...

A "Crime of Conscience" Done With the Knowledge That There Would Be Reaction Against It

"For example, package-delivery services have developed in the private sector. (omission) It was said that, in order to carry important items to every area throughout Japan from Hokkaido to Okinawa, secrecy could not be maintained unless it were done by public service workers in an enterprise for which the state takes responsibility. But it ended up developing in the private sector. If you allow the private sector to indicate its interest, there will probably emerge companies that want to do even mail business. Then, such things as easily raising postal rates would become impossible."

"Increasing private-sector work is important for a business recovery. In spite of that, at present we are steadily operating in a way that the government sector takes the work of the private sector. This is completely opposite."

"For example, in regard to scientific technology related to such things as multimedia, the Ministry of Posts and Telecommunications can join with other agencies and form something like a ministry of industry or a ministry of science and industry."

"LDP Diet members who are former members of the Ministry of Posts and Telecommunications are gathering party members centered on chiefs of privately owned post offices, and I, too, am watching with great interest to see if Shinseito [Japan Renewal Party] will stand by and do nothing."

...His words are roughly like that.

All the more so because in the "Outline of Administrative Reform" put together by the coalition governing parties such abstract expression stands out as "the reorganization of central government agencies will be

studied as a medium-to-long-term task"; Koizumi's statements are more concrete, so one can even feel good.

Well now, the impressions of the posts and telecommunications bureaucrats who discussed it are as reported at the beginning, but the response as a ministry is completely typical of a government office... The response to my request for information was: "There is no way to answer until we have seen the contents of the book" (Public Information Office). However, officials were trying by this means and that to see the galleys in advance, and at the time when I requested information they had obtained the book as well. Furthermore, a person related to political circles reveals that: "As a countermeasure by zoku Diet members, they will draw up a collection of hypothetical questions and answers for each post office by Wednesday (28 September). And I hear that at a meeting of chiefs of privately-owned post offices, it was said that Koizumi would end up making money on royalties if they bought up all the copies of the book, so they will distribute copies of 200 pages of the book to officials in every district in the country."

Was the fact that, there was, at the same time, a report that an argument for privatization of postal savings had surfaced in economic circles, also a cause of making the executives very sensitive? Even so, the book went on sale on the 23rd, so one can probably say that the reaction was fairly swift for a government office.

Koizumi's "connection" to the Ministry of Posts and Telecommunications is also entwined in this.

In December 1992, shortly after Koizumi assumed office as minister of posts and telecommunications, he astonished officials by making the explosive statement: "It only gives preferential treatment to wealthy people. There is no need to raise it," speaking of the ministry policy of raising the limit for the system of tax-exempt small savings deposits for senior citizens (senior citizen exemption) from Y3 million to Y7 million.

In addition, he also referred to taking a new look at fixed-amount deposits and post office life insurance, so Administrative Vice Minister Takashi Sasakawa finally said: "I cannot advise the new minister," and it developed into an uproar of resignation. Furthermore, LDP postal group Diet members, who were closely tied to the ministry, and SDPJ Diet members, who were backed by the Japan Postal Workers' Union, all reacted against him. The Committee on Communications was symbolic of that time. In addition to Sasakawa, who had become an "enemy," attacking him by saying, "I would like him to refrain from words or actions that needlessly upset officials," the LDP and SDPJ, which at that time were divided into governing and opposition parties, presented a united front and repeatedly attacked Koizumi. It became an exceptional committee in which there was no prior notification of questions, no deliberation on bills, and no explanations by officials, and all explanations were given by the minister; (in his own words) Koizumi was being "subjected to a kangaroo court."

In the end, Koizumi apologized in the committee. The senior-citizen exemption was settled by expanding the size of the deposits to Y3.5 million, but the root of the calamity remained.

Koizumi's favorite sayings are: "National benefit rather than the ministry's benefit," and "Government enterprises should be devoted to supplementing private enterprises." Actually, he pointed the possibility of privatizing postal business when he was minister. In other words, this publication of his was done with the knowledge that bureaucrats and zoku Diet members would react against it. It is a complete crime of conscience.

All the more so because of that, Nagata-cho cannot stand idly by either.

When it touches upon even the Association of Chiefs of Privately Owned Post Offices, which is said to be "an LDP vote-gathering machine," there will emerge Diet members in the same party who cannot remain quiet. Upper house member Yushin Morizumi, who has served as administrative vice minister for posts and telecommunications, fiercely contradicts Koizumi.

"Are banks making public investments? If one asks from where the prefectural and municipal bonds of autonomous bodies are borrowed, it is government investment and loans—at low interest and long-term. If postal savings and post office life insurance became private, they would not have to contribute to public investment, because they would operate on market principles. What would become of public capital if that happened? (As to the Association of Chiefs of Privately Owned Post Offices), that is because the LDP protected them from a drive to abolish them, which it did because they are post offices that are rooted in the region's society. It is their debt of gratitude for that."

It is said that within the LDP there are zoku Diet members who promptly threatened to "make an issue" of this matter. The situation is such that it seems likely that they will battle with Koizumi again.

The same was true at the time of the National Railways and the Telegraph and Telephone Public Corporation; many disputes arise just from announcing that you will privatize a state business. It is not so simple. That is probably because one can think of the respective benefits of both government management and private management.

In contrast to Koizumi's statements, new-media critic Shumei Kaneko, author of "The Future of Postal Savings and Post Offices," says this:

"If it is to an isolated island or some place with poor efficiency, even private delivery services just put the package into parcel post as it stands in an effort to reduce as much as possible the loss on cost. Because it is a government enterprise, parcel post delivers it responsibly even to a very difficult area."

"No matter how much labor it takes, mail will reach any place in the country if you paste a 50 yen stamp on it. Banks are lined up only in the first-class areas of towns, but post offices are located throughout the country, and they are everywhere. What levels the difference in all sorts of services between Tokyo and the provinces is the power of government service. I think we should turn a more kindly eye toward such things."

It is fine for politicians and bureaucrats to argue, or for politicians to argue among themselves. What is vital is whether the content is constructive for the national livelihood. It is still not clear how the reaction to Koizumi's book will spread, but I would like to have people not allow it to end by just "who won?"

[Box, p 34]

Why Is "Dismantling" Necessary?

Former minister of posts and telecommunications, Junichiro Koizumi

The stronghold or nucleus of reform of public finance and administration is public-finance investment and loans, postal business. We must seriously take a new look at the role of the state and the role of the private sector. My main point is: then, whether it be postal savings or post office insurance, does the state truly have to do it? Cannot even the private sector do it? And I indicated that general direction.

That is the work of politicians. Up till now politicians did not indicate the direction, so officials have grown more powerful. If there is a direction, all kinds of ideas emerge. It is well to steadily borrow ideas from the private sector. It is well to also take a new look at public-finance investment and loans (which have such things as postal savings as their financial resources). That will lead to a new look at the public financial institutions and public corporations to which the capital is provided. We must distribute it effectively and efficiently. Make an impartial investigation and provide it to places which truly need it. When one goes along thinking in this manner, it will not only be the Ministry of Posts and Telecommunications; it will be a huge reform of public finance and administration across the board. It will truly be the fountainhead of reform of public finance and administration.

Even persons who are talking about reform of public finance and administration, do not mention the vital postal business. That is political power. The starting points of the Posts and Telecommunications Ministry's political power are privately owned post offices and the Japan Postal Worker's Union. The Ministry of Posts and Telecommunications is the agency which most needs to carry out (public finance and administrative reform), but its resistance is strongest.

The privately owned post offices are a powerful LDP support group, so, as might be expected, it hurts if the

LDP is told that it will not be supported. But that is not something that has just started. You cannot do anything if you are afraid.

It is difficult to say, reduce the work of government offices, because vested interests decline by that amount. But reform of public finance and administration are impossible unless there is conversion to the concept of reducing the work of officials and the work of government offices. It would be like now, when we steadily increase the work of the state by doing nothing but demand it do this and that.

Whether it be the LDP-SDPJ cabinet or what cabinet, it is probably difficult to say they will do this kind of bold thing. Even I do not think that it can be done soon. As a start, I want to have people understand that this kind of problem exists. [end box]

Soka Gakkai To Review Support for Komeito

OW2810102194 Tokyo KYODO in English 0937 GMT
28 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—Soka Gakkai, a politically-active Japanese lay Buddhist organization, has decided to abandon its long-standing exclusive support to the political party Komeito under the new single-candidate-constituency election system, officials of the organization said Friday [28 October].

It will decide on the candidate to be supported in each constituency on a case-by-case basis, placing priority on the personality and policies of the candidates rather than on their political affinity, the officials said.

The move has been prompted by Komeito's recent decision to dissolve itself to join the planned new party comprising most of the current opposition groups other than the Japanese Communist Party.

Sokka Gakkai has been Komeito's principal monolithic supporter since the party was founded in 1964.

The policy change will be formalized at a Soka Gakkai policy-making meeting slated for Nov. 10, the officials said.

The religious organization aims to widen its political base through discarding the exclusive support to Komeito in the face of the further political realignments expected to occur with the election reforms, observers said.

The old multi-seat constituency system for the House of Representatives will soon be replaced by a new system combining single-seat constituencies and proportional representation, in line with political reform bills passed by the Diet in January.

The bills to implement the last phase of the political reforms are expected to be passed during the current Diet session.

For election campaigns under the new system, Sokka Gakkai will set up a special conference in each prefecture to determine the candidates it will support, the officials said.

It will screen candidates using such criteria as respect for freedom of faith, strong interest in welfare issues and a clean political stance, according to the officials.

Although Sokka Gakkai will continue to lend primary support to Komeito, it could even back candidates of the Liberal Democratic Party (LDP) or the Social Democratic Party (SDP), both Komeito's opponents in the ruling coalition, in constituencies where Komeito candidates do not run, one Sokka Gakkai official said.

Komeito is a key component of the opposition coalition that is expected to develop into a new grand party in December aimed at competing against the ruling coalition of the LDP, SDP, and new party Sakigake [Harbinger].

Viability of 'Price Cap' System Questioned

OW2710131194 Tokyo KYODO in English 1234 GMT
27 Oct 94

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Power users questioned Thursday [27 October] the viability of a proposed "price cap" system to set electricity prices, during a hearing sponsored by an advisory body to the minister of international trade and industry, government officials said.

The hearing by the Electricity Utility Industry Council followed the minister's instruction earlier this month to study a more flexible pricing mechanism for power.

The instruction is seen as possibly paving the way for liberalization of the country's power charge formula, now under rigid government control.

Many participants selected from major industrial sectors saw the price cap system as "more objective and transparent" than the current cost-based price-setting formula, ministry officials said.

But they showed a cautious stance toward an early introduction of the proposed system, citing its difficulty in accurately reflecting cost fluctuations, the officials said.

The system could work in a manner that always pushes up power prices, they were quoted as saying.

At present, electricity rates charged by a power company are set on the basis of power generation costs plus a certain profit margin.

The ministry asked the council to review the formula and determine whether it can achieve five basic goals set by it.

The five goals are supply stability, economic efficiency, fairness in payments of power charges, transparency in

price setting and flexibility of rate systems that can be changed according to power demand.

The price cap system, introduced in the United States and Europe, imposes a ceiling on power rates but allows power firms to freely set their own rates within the ceiling.

The formula is intended to improve efficiency of power generation via infusion of competitive elements.

But critics question its viability, saying companies may set prices at the ceiling levels in the absence of real competition in Japan where power firms offer exclusive services in each service area.

In the hearing, such concerns were echoed by many of the participants, the ministry officials said.

The cost-based formula is not so transparent but the proposed system is more difficult to grasp, some participants were quoted as saying.

In the same hearing, power firms clarified the fact that Japan's rates are higher than those abroad and the industry needs cost-cutting efforts, the officials said.

"The industry will review its management efficiency to the limit," one official in the industry was quoted as saying.

The day's hearing was followed by the council's first meeting on review of rate-setting systems where no consensus was reached on the pros and cons of the price cap system and the present cost-based system.

The council plans to hold four more meetings before releasing an interim report on the issue in late January next year.

MITI Prepares Bill To Restructure Industries

OW2610140894 Tokyo NIHON KEIZAI SHIMBUN in
Japanese 21 Oct 94 Morning Edition p 1

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has decided to introduce the "Business Renovation Promotion Bill" [jigyo kakushin enkatsu hoan] (tentative name)—aimed at helping businesses restructure themselves to cope with ongoing changes in the industrial structure—to the Diet's next regular session.

The bill proposes to do primarily the following for companies that want to restructure themselves, for instance, by merging with other companies or by integrating or abolishing plants: 1) tax reductions on investments for restructuring will be recognized, and this will be done by allowing a certain proportion of investments in plant and equipment to have special amortization and thus be exempted from taxation; 2) when funds from selling land and buildings are reinvested in new land or equipment, special benefits through special depreciation on business-purpose assets sold for replacement will be applicable; 3) a new tax system on experimental and

research expenses will be introduced that will enable a proportion of expenses for research and development programs to be exempted from taxation; and 4) the Japan Development Bank will provide a part of the funds required for business restructuring at low interest rates. The ministry will seek to put the bill into force in April 1995.

The bill is targeted at putting a brake on the "distorted industrial hollowing out" (a MITI expression), i.e. to stop the transferal overseas of plants and research facilities by internationally competitive businesses on grounds that costs have risen in Japan because of high land prices or wages or because of a stronger yen. MITI admits that such major industries as automobiles and home electric appliances, which have led Japan's economy so far, are now losing their prime moving power, and believes that although "the economy is on the way to recovery, slow investments in plant and equipment as well as high unemployment problems will continue for some time." Given these conditions, the ministry has decided to promote change in the industrial structure by introducing a limited-period law good for about seven years.

MITI will consult with the Finance Ministry on details of tax preferential treatment and low-interest loans to be specified in the bill. The companies to benefit from the bill are those that experienced lower production or employment in the last business year compared to the previous year. To receive the benefits, they need to apply to the central government by submitting their restructuring plans—for instance, merging with other companies, setting up co-invested companies, merging or closing down plants, developing new products, adopting new production technology, or rationalizing distribution systems.

The tax reductions on fund reinvestments and the special benefits on business-purpose assets sold for replacement are already in force as part of economic stimulation measures, but are due to expire sometime between the end of 1994 and the end of March 1995. Consequently, the ministry wants to incorporate them into the new bill, and thus turn them into semipermanent measures. Furthermore, the ministry wants to recognize tax exemptions on a part of the increased portion of experimental and research expenses if the companies raise spending in such areas over the preceding business year, and also on a part of development expenses in case the companies invest in development of new products as part of restructuring programs.

More Bills To Aid Industries

*OW2810114094 Tokyo KYODO in English 1123 GMT
28 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 28 KYODO—The Ministry of International Trade and Industry [MITI] plans to work out legislation to aid industries affected by

structural economic changes such as increased labor costs and the yen's appreciation, ministry officials said Friday [28 October].

MITI intends to submit the legislation to the ordinary Diet session early next year for implementation in April, the officials said.

The bill, if enacted, would be in effect for five years until fiscal 2000.

The officials noted that the bill is designed to prevent deindustrialization of Japan at a time when many companies are moving to relocate their plants overseas and increasing foreign investments.

The bill includes tax cuts on capital investments and land purchases, tax breaks for research and development costs and loans to companies by the government-backed Japan Development Bank, the officials said.

Hashimoto Meets Small Companies' Representatives

*OW2710070494 Tokyo KYODO in English 0350 GMT
27 Oct 94*

[FBIS Transcribed Text] Tokyo, Oct. 27 KYODO—Groups representing small companies on Thursday [27 October] urged the government to help alleviate their hardship by increasing business incentives in tax, budget and finance areas, government officials said.

International Trade and Industry Minister Ryutaro Hashimoto received the requests in a breakfast meeting with leaders from Japan's four groups for small businesses—the Central Federation of Societies of Commerce and Industry, the National Federation of Small Business Associations, the National Federation of Shopping Center Promotion Associations and the Japan Chamber of Commerce and Industry.

Katsuichi Yamamoto, head of the shopping centers' group, voiced grave concern over possible further deregulations of a law restricting activity of large-scale retail stores, the officials said.

Yamamoto was quoted as saying that business competition may intensify under the relaxation of the law but new entry by large retail stores would shake the industrial foundation of a town, eventually changing its overall scenic landscape, environment and people's lifestyle.

Large price gaps between home and abroad would not be narrowed just by competition, Yamamoto said, noting such gaps stem from other factors such as high manpower costs and land prices in Japan.

Trade Minister Hashimoto said his ministry will enforce the Large-Scale Retail Store Law, now under gradual deregulation, while taking into account possible impacts on small businesses.

Eiichiro Kondo, head of the Central Federation of Societies of Commerce and Industry, urged the government to continue to provide tax and financial breaks to small companies beyond December.

He said some of such steps under the government's economic stimulus packages in the recent past will expire at the end of this year, the officials said.

Kondo was also quoted as seeking the trade ministry's efforts to win full budgetary appropriation in areas to support small companies in fiscal 1995.

The Shopping Center Federation's Yamamoto asked the Trade Ministry to include assistance to small retailers in a special 1 billion yen budget ceiling earmarked for public projects next year as part of efforts to bolster Japan's economy, the officials said.

Kosaku Inaba, the head of the Japan Chamber of Commerce and Industry, called for the government to work out effective ways of easing the negative impact on small firms of the yen's unabated strength against the dollar.

Specifically, Inaba pushed for more tax breaks in investment and expanded public financing for small companies, the officials said.

Koichi Inoue, head of the National Federation of Small Business Associations, said so-called "hollowing out" is afflicting small companies in Japan.

Inoue was quoted as saying he wants major corporations to work out viable measures to help their affiliated small companies.

Receives Plea for Help

OW2710074494 Tokyo KYODO in English 0350 GMT 27 Oct 94

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Mitsubishi, Canon To Mass Produce DRAM Chips

OW2510101894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Oct 94 Morning Edition p 11

[FBIS Translated Text] Mitsubishi Electric Corporation and Canon Inc. will jointly develop lithography (writing) technology for the mass production of high-density semiconductor memory chips. They will cooperate in developing processing equipment and parts to realize micro-processing of circuits down to the size of 0.15 micron (one micron is one-thousandth of a millimeter). Their

purpose is to establish technology for the mass production of 1 gigabit (one giga is 1 billion) DRAM (dynamic random access memory) chips, which is expected to begin early in the 21st century.

In preparation for this joint project, Canon has already started development of exposure equipment for printing circuit patterns of semiconductors. This equipment is expected to be a high-speed device which can process 40 semiconductor wafers per hour, and which will contribute to uplifting the productivity of DRAM chips. Mitsubishi will use its synchrotron radiation device to produce X ray for its exposure equipment.

The production of high-density 1 gigabit DRAM chips requires extremely sophisticated processing technology. This has given rise to concern in the semiconductor industry that the complexity of the production process may mean higher production cost. Mitsubishi expects to cut back on investments in development and production through its cooperation with Canon, an expert in developing exposure equipment and other optical devices.

Companies To Use 'Plutonium Thermal' System

OW2610140594 Tokyo YOMIURI SHIMBUN in Japanese 20 Oct 94 Morning Edition p 1

[FBIS Translated Text] To fulfill Japan's international commitment of not having excessive amounts of plutonium, five out of the 10 power companies with their own nuclear power stations have decided to use the "plutonium thermal system" in their existing nuclear reactors (light-water reactors). The plutonium thermal system uses mixed oxide (MOx) as fuel, which is made by mixing plutonium with uranium.

The companies are aware that their international commitment cannot be met if the program is delayed any longer now that the world is watching Japan's plutonium policy from the perspective of nuclear nonproliferation. The companies will begin negotiations with residents of the areas where power stations are located in this respect.

According to the government's nuclear energy policy outline, "Nuclear Power Long-Term Plan" (revised in June this year), the use of the plutonium thermal system, which enables plutonium from nuclear power stations' spent fuel to be used in light-water reactors, is supposed to begin in the latter half of the nineties and to be used in more than 10 reactors by 2010.

Initially, the electric power companies plan to have plutonium from the UK or France—where they have spent fuel reprocessed—processed into MOx fuel elsewhere in Europe before shipping it back to Japan. However, apparently there is not much time left to do this in view of the time needed to select fuel processors and to negotiate terms on transportation of the material with the United States and other concerned countries.

If the program is delayed any further, the situation can be compounded by delayed development of high-speed

breeder reactors—the final goal in plutonium utilization programs—and Japan can wind up having as much as 30-40 tons of excess plutonium by early next century.

Given this condition, the power companies made behind-the-scenes contacts with local governments of the areas where their nuclear power stations are located. However, most of the local authorities responded negatively, asking: "Why do you want to do that in this area?" No doubt, the negotiations are having rough sailing.

Since some of the areas where power stations are located had earlier suggested that the power companies act in concert, rather than individually, all the companies in February informally decided to adopt that system. However, from the technological perspective, it is considered difficult for power companies with only a short history of running nuclear power stations to quickly adopt the system. As such, five power companies—one each from Tokyo, Kansai, Kyushu, and Chubu, and the Japan Atomic Power Company—will be the first group to go ahead with the system. They will expedite their preparations to be able to begin burning the new fuel in 1998-99.

The rest of the power companies will follow in adopting the system, after watching their progress. The first group of companies is now trying to decide into which stations they should introduce the system. However, among the candidate areas are those in prefectures where gubernatorial elections are forthcoming or where construction of additional nuclear stations is planned. As such, there may be rejections. Officers of the power companies said they will make formal proposals [on adopting the system], watching the moves of the areas concerned.

North Korea

25-26 Oct U.S.-ROK 'War Exercises' Reported

SK2810053594 Pyongyang KCNA in English 0441 GMT 28 Oct 94

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—The U.S. imperialist warmaniacs and the South Korean puppets committed war exercises against the North on October 25 and 26, according to military sources.

Involved in the war gamble which was held in the sky above an area close to the northern half of Korea were overseas-based flying corps and hundreds of pursuit-assault planes, fighter bombers, reconnaissance planes, observation planes, electronic jamming planes and refuelling tankers of the U.S. Air Force present in South Korea and the puppet air force.

Transport planes of the puppet army flying in the sky above the forefront area on October 25 concentrically dropped "commandoes", who staged an exercise of a surprise strike at the chosen targets.

Tank groups and large-calibre artillery units of the South Korean puppet Army fired hundreds of shells at the areas adjacent to the demilitarized zone in the western and central sectors of the front on October 25 and 26, seriously getting on the nerves of the North.

On the 26th, 20 odd helicopter gunboats of the puppet army staged an exercise of missile attack and support to the ground forces in the sky above the western and central sectors of the front.

The warplanes involved in the war exercises against the North in the sky above the areas of South Korea on October 25 and 26 totalled about 650.

Kim Yong-sam Denounced on Ex-Presidents Case

*SK2810052394 Pyongyang KCNA in English 0437
GMT 28 Oct 94*

[“Traitor Kim Yong-sam Patronizes Murderers”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—The South Korean puppet prosecution decided not to prosecute murderers Chon Tu-hwan, No Tae-u and 36 others who were accused of directing the “December 12 army purge coup”, according to a CBS report from Seoul.

With the “December 12 army purge coup” Chon Tu-hwan and others purged the military forces who had gone against the grain with them and seized power. Voices calling for bringing the murderers to court and punishing them are ringing louder from the public.

The prosecution’s decision to drop the indictment against them is an open patronage of the present ruling quarters for the murderers.

The traitor Kim Yong-sam fears that if the dictators of the “fifth and sixth republics” are punished, he should meet the same destiny after being ousted from his “presidential” office. That is why he is patronizing the preceding dictators.

MINJU CHOSON Criticizes Kim Yong-sam

*SK2810103894 Pyongyang KCNA in English 1016
GMT 28 Oct 94*

[“Accounts Will Be Settled With Kim Yong-sam for His Flunkeyist Crimes, MINJU CHOSON”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—MINJU CHOSON today runs a commentary titled “Close Tabs Are Kept on Flunkeyist Crimes”.

The author of the commentary says:

Ever since the DPRK-USA talks were put on the order of the day up to now when they have borne fruit, Kim

Yong-sam has piled up crimes, engaging himself in flunkeyist treacheries against independence and the nation.

When the DPRK-USA talks reached the finishing stage, the traitor Kim Yong-sam spread rumours about “possibility of the rupture of the negotiation between North Korea and the United States” and made a fuss, calling one “meeting for discussing measures” after another.

His attempt, however, was brought to a grief with the agreed framework signed between the DPRK and the United States. It was a natural outcome of his flunkeyist treacheries against independence and the nation.

Kim Yong-sam is a fool without a shred of independence and a typical marionette depending on others.

In the whole course of the DPRK-USA talks, Kim Yong-sam fully revealed his ugly colour as a half-wit, rash and talkative and short-sighted.

Truth to tell, we have more than once warned Kim Yong-sam against the consequences of his sycophantic treacheries against the nation and independence. The South Korean people and overseas Koreans also strongly urged him to stop the reckless campaign over the nuclear issue. However, he kept to the line of treason to do harm to fellow countrymen with the help of outside forces. He answered the 10-point programme of the great unity of the whole nation with large-scale war exercises. When we warned that “sanctions” would mean war and there would be no mercy in war, he begged for “substantial sanctions” against the North, driving the situation to the brink of war. As if it were not enough, when fellow countrymen were mourning over the death of the father of the nation, he levelled guns and wielded the bayonet at them, far from expressing condolences. Kim Yong-sam can never evade the blame for these crimes.

Sooner or later, our nation will settle accounts with him.

Kim Yong-sam Denounced for ‘Ideological Suppression’

*SK2810055094 Pyongyang KCNA in English 0504
GMT 28 Oct 94*

[“Ideology Cannot Be Fettered”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—The Kim Yong-sam group launched into an investigation into the “Saeurum,” an organisation of the “chuche idea faction” in Cheju, and arrested Ko Chang-tok, a student of Cheju University, and five other core members of the organisation on charges of violation of the “National Security Law.”

NODONG SINMUN today brands this as another unpardonable ideological suppression committed by the Kim Yong-sam group hell-bent on suppressing the followers of the chuche idea under the fascist “new security-oriented rule.”

The analyst says:

It is only too natural that students sensitive to the new and valiant for justice should follow the *chuche* idea in South Korean society where the dignity of the nation and freedom of humanity are ruthlessly trampled down and corrupt reactionary ideas are prevalent.

By cracking down on the students following the advanced idea, the Kim Yong-sam group fully revealed to the world that its advertisement about "civilian politics" is a camouflage to conceal the fascist rule and that the so-called "liberal democratic" society of South Korea is a closed society under the worst fascist dictatorship in the world.

Even though the Kim Yong-sam group can throw followers of the *chuche* idea behind bars, it can never bind by chains the great idea cherished deep in their hearts.

The Kim Yong-sam group must clearly see the reality and act with discretion.

Soldiers Urged To Struggle Against Kim Yong-sam

SK2810102994 Pyongyang Radio Pyongyang in Korean to South Korea 0900 GMT 27 Oct 94

[Unattributed talk: "Mad Dog Harming Fellow Countrymen" from the "Hour for the South Korean Armed Forces" program]

[FBIS Translated Text] Officers and men of the South Korean Armed Forces: Voices are going around downtown today that a mad dog is biting people at random and so the people should strike this mad dog dead as soon as possible. The mad dog biting and harming the people in South Korea today, in the late 20th century, is precisely traitor Kim Yong-sam, who is indifferent to the country and the nation, who is ignorant of primary ethics and morality, and who bites fellow countrymen, losing his reason as a human being.

It is too natural that the South Korean people have diagnosed traitor Kim Yong-sam as a mad dog. In fact, Kim Yong-sam's symptoms of rabies have reached an extreme stage.

As has already been revealed, far from expressing condolences over the sudden misfortune of fellow countrymen, traitor Kim Yong-sam threatened the hearts of fellow countrymen, who were in deep sorrow, at the point of a gun; poured tear gas on the heads of students struggling for independence, democracy, and reunification; and suppressed them with bayonets. Thus, he acted like a madman.

Traitor Kim Yong-sam's insanity has also found expression in his act of attempting to further aggravate the situation of the Korean peninsula and to ignite a nuclear war against fellow countries in collusion with outside forces.

Mapping out the new operational plan 5027 for a northward invasion in collusion with outside forces, traitor Kim Yong-sam has increased the military budget up to 10 trillion won and introduced from the United States various types of lethal weapons, including Patriot missiles. Thus, he has not only been staging various types of military exercises for a northward invasion, but has also perpetrated military provocations in the DMZ and the area around it.

At the 16th Military Committee meeting and the 26th annual Security Council meeting between South Korea and the United States, which were held recently, traitor Kim Yong-sam, through his followers, held a conspiratorial conference for war, including the resumption of the Team Spirit joint military exercise. Through chief of the Agency for National Security Planning, chief of Staff of the Army, and chief of Staff of the Air Force, traitor Kim Yong-sam also fanned war fever, babbling about someone's infiltration into South Korea, stepping of arms buildup, southward invasion, and the like.

Also, appearing in a site where ceremonies for the so-called South Korean Armed Forces' Day were held, traitor Kim Yong-sam clamored about reunification by force of arms, claiming that reunification under the liberal democratic system is his aim and dream.

In a recent interview with a reporter from THE NEW YORK TIMES, traitor Kim Yong-sam also clamored that it is inevitable to refer the North's nuclear issue to the UN Security Council, that the United Nations should impose sanctions on the North, and the like.

All of these facts show that traitor Kim Yong-sam is trying to persistently ignite a nuclear war against fellow countrymen in collusion with outside forces. So, it is natural for people to diagnose such madness of traitor Kim Yong-sam as rabies.

If a war breaks out on the Korean peninsula, those who will suffer from it are none other than our nation in the North and the South. Such an insane act by traitor Kim Yong-sam with the aim of triggering a nuclear war against fellow countrymen proves that he is indifferent to the destiny of the country and the nation and that he is attempting to prolong his remaining political life in return for entrusting the nation to outside forces as a scapegoat.

This is why the South Korean people say "traitor Kim Yong-sam is not a human being but rabies and we should beat the rabies to death with a club." This is a too correct prescription.

As you, officers and men of the South Korean Armed Forces know, even if there is only one mad dog in a village, the entire village is to suffer damage. As long as there is traitor Kim Yong-sam—a mad dog—in South Korea no one can predict when your parents and brothers, as well as our nation, will suffer damage.

The work of beating to death the mad dog, which is running wild, to ignite the fuse of fratricidal war should be carried out by young Koreans, that is, officers and men of the South Korean Armed Forces who have weapons.

Beating to death traitor, warmonger, and mad dog Kim Yong-sam as soon as possible is precisely the way of preventing beforehand the nation's disaster. It is also a sacred way for the parents and brothers of officers and men of the South Korean Armed Forces and for fellow countrymen.

ROK Lawmaker's Praise of Pak Chong-hui Denounced

SK2810052194 *Pyongyang KCNA in English 0435*
GMT 28 Oct 94

["Jargon of One of 'Yusin' Chieftains"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—There took place at the "state cemetery" in Seoul on Wednesday a "memorial service" for the traitor Pak Chong-hui who was assassinated by his confidant after earning an ill fame as the "Yusin" fascist dictator.

At the service, Kim Chong-pil, chairman of the "Democratic Liberal Party," said people would feel "grateful to Pak Chong-hui" some time.

This is a jargon that can be uttered only by the traitor Kim Chong-pil who was trained by the "Yusin" dictator.

The traitor Pak Chong-hui who set up the fascist "Yusin system" was the very one who committed heinous crimes by subjecting the South Korean people to non-rights of slavery, great misfortunes and sufferings with his brutal terrorist rule and moves for war and national split and who caused political confusion and social unrest in South Korea.

Kim Chong-pil is the husband of a niece of Pak Chong-hui. He was "the first director of the central intelligence agency" and "prime minister" under the "Yusin" dictatorship.

That is why he called for "inheriting the idea of Pak Chong-hui" when Pak died a dog's death, and claimed in May last year that the "May 16 military rebellion" of Pak Chong-hui "created the soil of present South Korean society."

Facts clearly show that the traitor Kim Chong-pil as one of the chieftains of "Yusin" must be punished by the people.

Kim Chong-pil will meet the same miserable end as the "Yusin" dictator did for his indelible crimes against South Korean society and people.

South Farmers' Protest on Grain Purchasing Noted

SK2810010994 *Pyongyang KCNA in English 2151*
GMT 27 Oct 94

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Members of farmers societies in 11 cities and

counties including Kwangju, South Cholla Province and South Kyongsang Province held a demonstration in protest against the South Korean puppet authorities' purchasing policy of autumn grains and for increase of the purchasing price on October 25, the first day of the purchase of grain, according to a radio report from Seoul.

The "Agricultural Policy Supervisory Council of the National Farmers' Organisation" in a press conference on October 24 demanded the increase of the purchasing price of grains this year.

Daily Urges Immediate Repatriation of POW's

SK2810103394 *Pyongyang KCNA in English 1010*
GMT 28 Oct 94

["Immediate Repatriation of Unconverted Long-Term Prisoners Demanded"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—The South Korean authorities and Red Cross are under unavoidable obligation to send old men Kim In-so, Ham Se-hwan and Kim Yong-tae back to the northern half of the country, either in view of the demand of the Korean Armistice Agreement and international law or from the humanitarian point of view, declares NODONG SINMUN in a commentary today.

The analyst says:

We have demanded more than once that these unconverted long-term prisoners kept in South Korea be sent back to the North where there are their hometowns and their families and relatives as they hope.

This is quite a just demand either in view of humanitarianism or from the national point of view.

The South Korean Red Cross and authorities, however, have refused to take any measure for their repatriation, paying no heed to their miserable plight and their demand for repatriation. On the contrary, they are politicizing their repatriation, arguing in a far-fetched manner that those old men are not POWs, because they joined in guerrilla activities and they have acquired so-called "citizenship", and using the case for North-South confrontation.

This is a sophism to avoid the responsibility for their criminal act in unreasonably detaining and persecuting these unconverted long-term prisoners and an unreasonable argument to keep them in South Korea.

Kim In-so, Ham Se-hwan and Kim Yong-tae are prisoners of war who were arrested while being active as soldiers of the People's Army and guerrillas during the past war, and should have been repatriated at the time of the exchange of POWs immediately after the ceasefire.

It is a challenge to the international law and humanitarian idea for the South side to contend that they don't belong to the category of POW.

If the South Korean rulers have an iota of national conscience and respect humanitarianism, they should promptly take a step for the repatriation of the three old men now in a miserable lot.

UN Envoy Opposes Japan Joining Security Council

SK2810022394 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 26 Oct 94

[FBIS Translated Text] According to reports from the UN Headquarters, the DPRK permanent representative at the United Nations told a plenary session on 14 October that the reform of the UN Security Council must be made in ways that fully reflect the interests of the developing countries.

He pointed out: Today mankind strongly hopes to live in a world free from domination and subjugation. Nevertheless, domination, subjugation, and all forms of inequality have yet to disappear and remain as ever. This is related to the unfair international order and international relations that remain at present.

He said he was satisfied with the fact that efforts to reform the UN Security Council, as a measure to remove such inequality, had been made amid the great interest of the international social circles. He also said that developing countries could not exercise their due power of representation at the UN Security Council and that no democracy was ensured there. After saying the UN Security Council was monopolized by the powerful countries on many instances, he went on to say:

We support an expansion of membership to the UN Security Council which intends to give more seats to developing countries. In expanding the number of permanent members to the UN Security Council, seats must be allocated for developing countries to ensure that they can fully represent their opinions and interests. In particular, seats must be allocated for Asia, Africa, and Latin America based on the principle of regional proportion. The number of nonpermanent members must be increased to ensure that many developing countries participate in the work of the UN Security Council. This will be a measure to improve the efficiency and fairness of the UN Security Council to comply with reality.

He also pointed out the UN General Assembly must play an important role in maintaining international peace and security.

Referring to our position on the issue of Japan sitting on the UN Security Council as a permanent member and the issue of abolishing a provision of the UN Charter on hostile countries, he stressed:

As is known, Japan, a nation defeated in World War II, inflicted great catastrophes and misfortunes on people in Asia and the world. However, Japan is now deceiving the world with empty talk in connection with an official

apology and compensation for its past crime, and accelerating its plan to become a military and nuclear power. Asia and the world have expressed their concern about this and state that they cannot allow Japan to sit on the UN Security Council as a permanent member unless it clearly liquidates its past crimes. For this reason, it is too early to discuss Japan's becoming a permanent member of the UN Security Council and to discuss abolishing the provision on hostile countries from the UN Charter.

Dailies Contest Japanese Minister's Remarks

SK2810101594 Pyongyang KCNA in English 1004 GMT 28 Oct 94

["Trouble Must Be Prevented"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—Japanese Foreign Minister Yohei Kono, some days ago, contended that, in case Japan became a permanent member of the UN Security Council, her presence at the Military Staff Committee would not be a breach of the Constitution. His remarks come under fire from NODONG SINMUN and MINJU CHOSON today.

A NODONG SINMUN analyst views this as a disclosure of the Japanese Government's intention to legitimate the use of arms overseas, which is banned by the Constitution of Japan, by taking a seat of the Security Council.

The Japanese authorities set non-use of arms as a condition for her permanent membership. But this is a petty trick to mislead public opinion at home and abroad, the commentary says, and goes on:

Japan's claim to her presence at the Military Staff Committee is, in essence, intended to pave the way for freely taking military actions for overseas expansion under the cloak of UN obligation.

Japan plans to play a major role in the Military Staff Committee which is responsible for "strategic guidance" over the UN forces, not merely occupying its seat.

It is Japan's wild design to exercise influence on deciding upon military intervention in international disputes by participating in the committee meeting and thus jump into the worldwide scramble for domination.

Japan that has not atoned for her past aggression and war crimes is not entitled to be a permanent member of the UN Security Council which should play a leading part in ensuring world peace and security.

Japan is accelerating her conversion into a military and nuclear power and is making haste with her military expansion overseas. If such a country becomes a permanent member, it will cause a trouble to the peace of Asia and the rest of the world. A trouble must be prevented.

A MINJU CHOSON analyst says the Japanese authorities should behave properly, mindful that it is their only way out to liquidate their crime-woven past before the

Korean and world peoples and abandon the wild dream of turning Japan into a political and military power.

Ministry Denounces Japan's 'Expansionist Policy'

*SK2710133694 Pyongyang Korean Central
Broadcasting Network in Korean 1214 GMT 27 Oct 94*

[FBIS Translated Text] A DPRK Foreign Ministry spokesman on 27 October answered questions by a KOREAN CENTRAL NEWS AGENCY reporter regarding a Japanese cabinet minister's recent remarks denying the aggressive nature of the Pacific War.

According to a report, the Japanese trade minister made an absurd remark on 24 October that he was doubtful if the Pacific War was aggressive, causing a great public stir.

This is not the first time the Japanese cabinet minister has made such remarks. They can never be considered the opinion of an individual. This is a reflection of the Japanese militarist character [ilbonui kungukchuijok chejil]. It clearly proves that Japan has not yet discarded the anachronistic old dream of the Greater East Asia Coprosperity Sphere.

The militarist remarks recently made by Japanese cabinet ministers one after another are attributable to the expansionist policy of the Japanese Government authorities, who have persistently avoided liquidating their past crimes [chodului kwago chochaeng chongsanul], including the punishment of the criminals of World War II, and have distorted history, consistently denying the aggressive nature of the Pacific War.

As is known, it is a unique method of Japan [ilbon tukyuui subop] that one day it says it apologizes for the past and the next reverses it. However, there is nobody who will be taken in by this third-rate trick of Japan.

Furthermore, the Japanese crafty trick to justify its past crimes can never work on the Korean people who experienced Japan's brutal aggression and plunder more painfully than anyone else.

While refusing to admit to the past war of aggression or provide compensation, Japan is imprudently making efforts to become a permanent membership in the UN Security Council [chujenomge yuen anboisahoe sangi-misagungi toeboryogohanun]. This is an open mockery of the United Nations and the international community. We resolutely oppose it.

If Japan continuously resorts to third-rate tricks, it will inevitably meet failure. Japan should clearly remember that it is wise behavior to frankly confess its ulterior intention before the international community and to liquidate its past crimes.

Chongnyon Chairman Writes Songs for Kim Chong-il

*SK2810104594 Pyongyang KCNA in English 1022
GMT 28 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—A letter and words of songs were presented to

the respected Supreme Commander General Kim Chong-il by Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), upon leaving the motherland.

In the letter dated October 22, Chairman Han Tok-su says he is returning to his post with his disease cured thanks to the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il.

He recalls that the respected general has taken great care for his recovery even in his bitterest sorrow at the sudden loss of the fatherly leader.

"Because you, respected General Kim Chong-il, have inherited the beating of the great heart and the warm solicitude of the fatherly leader, the entire Korean people at home and abroad could rise again, changing the bitterness of loss into enormous strength and courage," the letter says.

It goes on:

"It is the supreme privilege and the greatest fortune of our nation to have you, the respected general who have the same ideology, leadership ability and natural gifts as the great leader as the supreme leader in carrying forward the cause of chuche.

"True patriotism of our nation today is to be loyal to you respected General Kim Chong-il and to uphold your idea and leadership.

"Back at my post, I will devote my life to firmly building up Chongnyon, the most precious patriotic legacy left by the great leader to the Koreans overseas, as a unit of loyalty that absolutely worships only you the respected general and follow your idea and leadership with a single heart of loyalty and filial piety."

Han Tok-su earnestly wishes the respected general long life in good health.

In the words of "Song to General Kim Chong-il", Chairman Han Tok-su says, because there is General Kim Chong-il, the motherland shines and the glory of the nation is displayed to the world, expressing the resolution to uphold the general through generations.

In the words of the song "Our Future Is Bright", he says our future is bright because we have General Kim Chong-il.

PRC Military Group's Withdrawal From MAC Marked

*SK2810060794 Pyongyang KCNA in English 0447
GMT 28 Oct 94*

[FBIS Transcribed Text] Kaesong, October 27 (KCNA)—Soldiers held a farewell meeting at the Panmunjom Mission of the Korean People's Army [KPA]

today for the delegation of the Chinese People's Volunteers [CPV] withdrawing from the defunct Military Armistice Commission by a decision of the Chinese Government.

Lieut. Gen. Yi Chan-pok, chief of the KPA Mission, spoke at the meeting.

"The course of the struggle of you CPV delegation members together with us against the enemy here in Panmunjom has been historical years in which the militant friendship and solidarity sealed in blood between the armies and peoples of Korea and China was demonstrated at home and abroad," he said, adding: "Our people highly estimate the devoted efforts and merits of you Chinese comrades for peace and reunification in Korea, and will remember them forever."

"The Chinese Government's decision to totally withdraw the CPV delegation from Panmunjom is a great encouragement to the Korean people in the efforts to build a new peace mechanism on the Korean peninsula", he noted.

"The Korean people," he declared, "will make all possible efforts to further strengthen and develop Korea-China friendship through generations in the future."

Speaking next, Maj. Gen. Zheng Daogen of the CPV delegation recalled that the Korean people saved CPV fighters at the cost of their lives during the war and referred to the friendship and solidarity forged in blood between the armies and peoples of the two countries.

"Over the past period Comrade Kim Il-song, the great leader, and Comrade Kim Chong-il, supreme commander of the Korean People's Army, and the Workers' Party of Korea and the DPRK Government have paid deep attention to us," he noted, adding: "We take this opportunity of expressing best regards to comrade supreme commander of the Korean People's Army."

"We will do our utmost to steadily develop the great friendship between the peoples and armies of China and Korea and support the Korean people's just cause of the independent and peaceful Reunification of the country," he declared.

Delegation Calls on KPA Mission

*SK2710153594 Pyongyang KCNA in English 1523
GMT 27 Oct 94*

[FBIS Transcribed Text] Panmunjom, October 27 (KCNA)—The delegation of the Chinese People's Volunteers [CPV] which [word indistinct] been to the Military Armistice Commission paid a farewell call on the mission of the Korean People's Army [KPA] in Panmunjom today before its withdrawal [words indistinct].

Zheng Daogen and members of the CPV delegation were warmly greeted by Yi Chan-pok, chief of the KPA mission in Panmunjom and its members.

A talk took place in a friendly atmosphere.

In the evening the KPA mission in Panmunjom gave a cocktail party for the out-going members of the CPV delegation.

Foreign Media Mention Kim Il-song Memorial

*SK2810060294 Pyongyang KCNA in English 0430
GMT 28 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—A memorial service was held in Belgrade, Yugoslavia, on the hundredth day after the death of the great leader President Kim Il-song.

Present at the memorial service were the general secretary of the New Yugoslav Communist Movement, the chairman of the Yugoslav Union of Progressive Men of Literature and other members of its leadership and men of the press.

Memorial services were also held by the National Committee of the Socialist (Communist) Party of Romania and the Zairese Society for the study of Kim Chong-il's works and in Karachi, Antananarivo, and Damascus.

Political and public figures were present there.

The participants paid silent tributes to the memory of President Kim Il-song.

Speakers said in their memorial addresses the Korean people demonstrated their determination to unswervingly carry forward the cause of the respected leader President Kim Il-song, closely united around dear Comrade Kim Chong-il, the great leader, in the past one hundred days.

On the hundredth day after the death of President Kim Il-song the national agricultural youth society of Peru made public a statement and the Nepalese paper THE VOICE, Radio Metropolitana of Cuba and Radio Guinea praised his immortal revolutionary feats.

Foreign Groups Support DCRK Founding Proposal

*SK2710214894 Pyongyang KCNA in English 1512
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Foreign political parties and organizations are expressing support to the Korean people's cause of national reunification in the month of support to the proposal for founding the Democratic Confederal Republic of Koryo.

Eleven political parties and organizations of Chile including the Communist Party (Proletarian Action), the Humanitarian Green Union, the Leftist Socialist Force, the Leftist Revolutionary Movement, the Movement for the Reconstruction of Socialism and the Christian Lefts in a joint statement said the proposal for reunification by confederacy formula based on one nation, one state, two

systems and two governments is a just and reasonable proposal which makes it possible to achieve the reunification of Korea at the earliest possible date on the three principles, independence, peaceful reunification and great national unity.

The statement appealed to all the peace- and justice-loving progressive peoples and political parties and public organizations of all countries to express firm support and solidarity with the Korean people in their just cause of national reunification.

Nine political parties and organizations of Brazil including the Communist Party, the October 8 Revolutionary Movement, the October 8 Revolutionary Youth, the General Centre of Workers, the Women's Union and the National Union of Students in their joint statement said the confederacy formula put forward by the great leader Comrade Kim Il-song is the most realistic and feasible just reunification proposal. [Words indistinct] wall built in the South side on the Korean peninsula and promptly scrap the fascist laws including the "National Security Law" and the United States should replace the Armistice Agreement with a peace agreement and do things helpful to the peace and reunification of Korea, the statement said.

The Swiss Committee for Supporting Korea's Reunification, in a statement on October 10, said the proposal for reunification by confederacy formula is a manifestation of the great patriotism of respected President Kim Il-song and clear token of his peaceloving policy.

The statement stressed that the Korean people would certainly reunify their country under the wise guidance of [word indistinct] Comrade Kim Chong-il, true to the behests of President Kim Il-song.

The Social Scientists Association of Togo, in a statement on October 18, said the South Korean authorities should abandon their policy of permanent division, and look squarely at today's reality and accept the proposal for reunification through confederation.

Friendship Group Marks Algerian Revolution

*SK2810055394 Pyongyang KCNA in English 0500
GMT 28 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—A friendship gathering was held on the Korea-Algeria Friendship Migok Cooperative Farm on Thursday on the 40th anniversary of the start of the revolution in Algeria.

Invited there were Algerian Ambassador to Korea Hanafi Oussedik and his embassy officials.

Yi Chol-sin, vice-chairman of the Korea-Algeria Friendship Association, and other officials concerned, managing officials of the farm and farmers were present.

They deepened friendly feelings, talking about the bumper crops the farmers have gathered this year, true to the behests of the great leader President Kim Il-song.

Bangladesh Research Academy Head Interviewed

*SK2810105294 Pyongyang KCNA in English 1025
GMT 28 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—"Only victory and glory are in store for the Korean people who are dynamically advancing, holding high the banner of the *chuche* idea under the wise guidance of the dear leader Comrade Kim Chong-il," said Jasim Uddin Ahmed [name as received], chairman of the Bangladesh Self-Reliance Research Academy, when he was interviewed by a reporter on October 24.

He further said:

"The death of the great leader President Kim Il-song is a great loss to the Korean people and the revolutionary people of the world. Although he passed away, the philosophical idea of *chuche* will always be kept in our hearts.

"Today in Korea the entire people are more vigorously advancing, rallied closely around the dear leader who is successfully carrying forward the revolutionary cause of the great leader. To resolve all questions independently, not depending on the strength of others, is the spirit of Korea."

Prosecution Delegation Departs for Cuba

*SK2710152294 Pyongyang KCNA in English 1513
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—A delegation of the central public prosecutor's office of Korea led by First Deputy Prosecutor-general Han Chi-sol left here today by air to participate in the second international meeting on criminology to be held in Cuba.

Daily Stresses Role of Collectivism in Socialism

*SK2810110094 Pyongyang KCNA in English 1034
GMT 28 Oct 94*

["Collectivism, Life and Soul of Socialism"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 28 (KCNA)—Collectivism is vital to bringing the advantages of socialism centred on the masses into full play, stresses NODONG SINMUN today.

The paper in a by-lined article says:

Collectivism is the essence of socialist society and the source of its advantages and vitality.

Collectivism is the life and soul of socialism, above all, because socialist society is an embodiment of collectivism.

All people, firmly united, give full play to the spirit of collectivism, helping and leading one another along in all

spheres of social life. This is one of the essential features of socialist society distinct from all exploiter societies.

"Liberalisation" in ideology, "multi-party system" in politics and "diversification" in ownership are the political mode of capitalist society where the struggle for existence based on individualism and liberalism hold sway. They have nothing to do with true socialist society where collectivism is embodied.

In our country, all people are firmly equipped with the *chuche* idea, the Workers' Party of Korea stands firm in the centre of the revolutionary ranks as the vanguard unit responsible for the destiny of the people and the political guide of society, and the people's government under the leadership of the party guides and controls all spheres of social life including politics, the economy and culture in a unified, collectivist way. The singlehearted unity of the leader, the party and the masses based on one ideology, purpose and common interests has been established, and all people work in a revolutionary way and live in harmony, helping and leading one another along on the collectivist principle of "one for all, all for one."

Collectivism is the life and soul of socialism also because it is the source of the advantages and vitality of socialism.

The masters of socialist society are the popular masses. When they discharge their duty and role as masters of the state and society, the advantages of socialism can be brought into full play.

Collectivism enables the popular masses to discharge their duty and role as masters. If the working-class party is to bring the advantages and vitality of socialism into full play, it must firmly equip the people with collectivism and guide them to devotedly work for the interests of the state and society.

Our party has developed to a new, higher stage the idea of socialist collectivism on the basis of the *chuche* idea founded by the great leader Comrade Kim Il-song.

Our people are performing their duty and role as masters of the state and society in all spheres of social life including politics, the economy and culture, and vigorously advancing for the accomplishment of the revolutionary cause of *chuche*, sharing weal and woe, united in one mind around the dear leader Comrade Kim Chong-il. The leader, the party and the masses are united as one socio-political organism, and the whole society forms a large revolutionary family with the dear leader as its great father. This is the true picture of our society, of which we can be proud, and the main source of the advantages and invincible vitality of our socialism.

People To Intensify 'Struggle Against Dominationism'

SK2810011994 Pyongyang KCNA in English 2216
GMT 27 Oct 94

["Struggle Against Dominationism, Key to Global Independence"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—The Korean people will contribute to the cause of global independence by an intensified struggle against dominationism, declares NODONG SINMUN in a by-lined article today, which reads in part:

As the great leader Comrade Kim Il-song taught, dominationism is in essence to violate the independence of other countries and oppress and control other nations and peoples.

Dominationism is the target of the struggle of the people advocating global independence.

To fight against dominationism is an intrinsic demand of the popular masses. If they are to build a free and peaceful world [words indistinct] and national oppression and subjugation, aggression and war, they must fight against dominationism which stands in its way.

The great leader clearly indicated the principle and ways of the struggle against dominationism.

He said what is most important in the struggle against dominationism is for all progressive countries to hold fast to the principle of independence.

Only when independence is maintained, the dignity of the country and the nation can be defended, national independence be consolidated and the prosperity of the country be achieved. And only then can the cause of global independence be promoted successfully.

What is important in maintaining independence is for each country to exercise sovereignty in foreign relations. This is an inviolable right of an independent, sovereign state. All countries and nations are completely equal and they have the right to independence. They must develop friendly and cooperative relations on the principle of equality and mutual respect and must not infringe on others' sovereignty nor allow others to infringe on theirs. Especially, they must not allow the dominationist forces to make an issue of or interfere in the affairs of other countries.

Firm unity of all progressive forces of the world is the basic way of frustrating the moves of dominationism and successfully pushing the people's demand for independence.

If the progressive forces are divided, they will be destroyed one by one by the offensive of the reactionary forces.

The great leader said what is essential in the struggle against dominationism is to check and frustrate the imperialists' moves of aggression and war.

Due to the moves of the imperialists, the international situation is getting more complicated and the human cause of independence is faced with a grave challenge, though the cold war has come to an end.

Only when the progressive people of the world wage a relentless fight against the imperialists' moves of aggression and war, can they vigorously promote the cause of global independence, not allowing the strong-arm politics and arbitrariness of dominationism.

Statue of Revolutionary Fighter Unveiled

*SK2810012494 Pyongyang KCNA in English 2226
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—A bronze statue of Kim Hyong-chik, an indomitable revolutionary fighter, and a monument to his revolutionary activities have been set up at the Chongsu revolutionary site in Sakju County, North Pyongan Province, on a bank of the Amnok River in the north-eastern border of Korea.

Kim Hyong-chik was an outstanding leader of the anti-Japanese national-liberation movement of Korea and a great pioneer in changing the course of the struggle from the nationalist movement to the communist movement. He visited the Chongsu area several times to arouse the independence fighters and people of broad segments in that area to the struggle against Japanese imperialism, and convened historic Chongsudong meetings there in November 1918 and in July 1919.

With a view to conveying his immortal exploits down through generations, the Korean people erected a statue of Kim Hyong-chik in Korean overcoat explaining the idea of proletarian revolution to the participants in the Chongsudong meeting, with his right hand raised, on the occasion of the centenary of his birth.

His statue was unveiled with a due ceremony today. It was attended by senior party and government officials including Pak Song-chol, politburo member of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK, and Choe Yong-nim, alternate Politburo member of the WPK Central Committee and vice-premier of the administration council, and officials concerned, working people and builders of revolutionary sites.

A wreath from the Central Committee of the Workers' Party of Korea, the Central People's Committee and the Administration Council of the DPRK and wreaths from local party and power bodies, administrative and economic organs, working people's organisations, public security organs, educational institutions, industrial establishments and cooperative farms were laid before the statue.

The participants paid a silent tribute to the memory on Kim Hyong-chik.

In his address at the ceremony, Kim Hak-pong, chief secretary of the Pyongan Provincial party committee and chairman of the North Pyongan provincial people's committee, noted that Kim Hyong-chik under the motto of "aim high" made energetic activities to achieve the

independence of Korea with the Korean people's own efforts in the spirit of national independence.

"The far-reaching intention and desire of Kim Hyong-chik were brought into a brilliant reality by the great leader Comrade Kim Il-song, the sun of the nation and a legendary hero, and his precious revolutionary exploits are throwing bright rays thanks to Comrade Kim Chong-il, the dear leader of our party and people," he said.

All the party members and other working people, he stressed, must actively work to creditably carry to completion the revolutionary cause of *chuche* and accomplish the cause of national reunification with the concerted efforts of the nation, united around the dear leader in one mind.

Historic Relics Found in Mt. Myohyang Described

*SK2710214694 Pyongyang KCNA in English 1505
GMT 27 Oct 94*

[FBIS Transcribed Text] Pyongyang, October 27 (KCNA)—Mt. Myohyang, one of the five famous mountains of Korea, abounds in scenic spots and historic relics displaying the 50 century-long history and brilliant culture of the Korean people.

More than 5,000 historic relics including legendary relics of King Tangun, the ancestral father of the Korean nation, the Pohyon Temple nearly 1,000 years old and the complete collection of Buddhist scriptures are found in this picturesque mountain of peculiar features.

The great leader President Kim Il-song, going round the mountain in October 1949, gave instructions to preserve the cultural relics of the nation with good care. In those days there were over 30 old temples and far more than 10,000 cultural relics, including the Taeungjon and the Manseru in the mountain.

During the fatherland liberation war (June 1950-July 1953) 14 temples and more than 7,400 cultural relics were destroyed in the indiscriminate bombing of the U.S. imperialist aggressors.

The president visited the mountain in April 1954 after the war and went round the sites of destroyed temples where only the cornerstones and broken roof tiles remained. He said the precious cultural relics left by the ancestors must be restored to their original state and handed down to the generations to come. In the later period, he came to the place several times and guided the rehabilitation of the relics on the spot and gave detailed instructions on the excavation and preservation of relics.

Under the deep care and meticulous guidance of President Kim Il-song the relics of Mt. Myohyang restored their old looks.

In the Pohyon Temple area extending over 60,000 square meters, the Taeungjon, the Manseru, the Kwanumjon, [words indistinct] and other temples, the

13-shoried and 9-storied stone Pagodaswn and monuments of the Pohyon Temple and the Suchung Temple and other relics regained their original state.

A wealth of Buddhist relics are preserved in the Pohyon Temple which was one of the Buddhist bases at the beginning of the 11th century.

The Taeungjon, the main building of the Pohyon Temple, is a gable-roofed single-storied building (20.55 meters x 10.96 meters), which vividly shows the gorgeous and grand national architecture in those days.

The complete collection of Buddhist scriptures and its wooden printing blocks are also well preserved. The wooden blocks which were used in printing the Buddhist scriptures of 6,793 volumes total 86,000. The scriptures printed with the wooden blocks from 1236 to 1251 in the Koryo Dynasty is a historic relic rare in the world in its vast volumes and clear letters.

Also found in Mt. Myohyang is the Sucheng Temple, a shrine for great Buddhist teacher Sosan who organised a volunteer corps with more than 5,000 Buddhist priests at his advanced age of seventythree and played a big role in driving back the Japanese invaders in the 1592-1598 war in the Pulyongdae where the records of the Yi Dynasty was preserved, the Sangwon Temple, the Wonmyongjon and other historic relics.

The cultural relics unearthed after the war total 3,000 items or more.

South Korea

Further Reportage on Plans for DPRK Reactors

Gallucci, Envoy Discuss Reactors

SK2810005194 Seoul YONHAP in English 0036 GMT
28 Oct 94

[FBIS Transcribed Text] Washington, Oct. 27 (YONHAP)—South Korean Ambassador to the United States Han Sung-su met Assistant U.S. Secretary of State Robert Gallucci Thursday afternoon to discuss forming the Korea Energy Development Organization (KEDO), which will provide light-water nuclear reactors to North Korea.

Diplomatic sources here said they also exchanged views on the convocation of expert-level meetings between the United States and North Korea to discuss their recent agreement on restructuring Pyongyang's nuclear program.

However, a State Department official disclosed that they only addressed matters concerning the implementation of the Geneva agreement.

Although the South Korean Embassy did not reveal any details of their discussion, the two men reportedly stated their respective positions on the number of countries to

participate in KEDO and timetable for KEDO's establishment and the holding of the experts' talks between Pyongyang and Washington.

In this connection, Washington is expected to propose to North Korea at a working-level contact early next week in New York that the experts' meeting on spent fuel rods be held in Pyongyang and another on exchanging liaison offices in Washington.

Meanwhile, Ambassador Han was set to invite American delegates to the Geneva talks for lunch Friday to discuss implementation of the U.S.-North Korean agreement.

ROK To Give 'Material Assistance'

SK2810002294 Seoul YONHAP in English 0007 GMT
28 Oct 94

[FBIS Transcribed Text] Brussels, Oct. 27 (YONHAP)—South Korea will bear more than half the cost of building light-water reactors for North Korea, but in material assistance instead of cash, visiting Foreign Minister Han Sung-chu said Thursday.

Here to attend ministerial consultations with the European Union (EU), Han speculated that the Korea Energy Development Organization (KEDO) in charge of the reactor project would need 4.5 billion U.S. dollars in capital.

About 3.5 billion dollars would go into building the reactors, he said.

"We plan on bearing more than half the construction cost from the perspective of securing central decision-making authority in the project, but the actual scale of South Korea's assistance will be decided at KEDO," Han told reporters.

"The assistance will be made in materials, technology and services," he said.

This would put Seoul's share at between 1.8 billion and 2.5 billion dollars.

The foreign minister made clear that South Korea will not share the cost of other KEDO activities, such as provision of alternative energy to North Korea and transfer of spent fuel rods to a third country.

U.S.-North Korea experts' meetings on these matters are likely to open in Berlin, New York or a third city, according to Han.

ROK Not To Supply Alternative Energy

SK2810045394 Seoul KBS-1 Radio Network in Korean
0425 GMT 28 Oct 94

[FBIS Translated Text] Regarding the delicate differences recently shown between the United States and the ROK over the supply of alternative energy to North Korea, an ROK diplomatic source in Washington said on 27 October that the United States has made it clear

that the ROK will not be asked to bear the cost. The source said this U.S. response resulted from the concern conveyed through diplomatic channels that the ROK cannot be further burdened with alternative energy in a situation where the ROK is responsible for a considerable part of building light-water reactors.

DPRK Must Assume Some Costs

*SK2810120394 Seoul KBS-1 Radio Network in Korean
1000 GMT 28 Oct 94*

[FBIS Translated Text] The issue of how much of the cost we will have to bear in assisting North Korea in providing it with the light-water reactor has risen as a pending issue of interest. Amid this situation, the government established the policy that North Korea must also assume part of the light-water reactor costs through spot goods. If this is carried out, it is believed that up to \$500 million will be saved in the costs to build the light-water reactor. Following is a report by Yi Hyon-chu.

[Begin Yi recording] The government established the principle that North Korea, the party concerned, must also take part in light- water reactor building in North Korea. It was decided that among the expenses in building the light-water reactor, North Korea will be responsible for supplying some spot goods.

The government identified the share North Korea must be responsible for. It includes simple manpower, cement, and some natural resources necessary in building the light-water reactor. The government ordered a detailed examination regarding this matter to the related ministries.

A government official said that as a result of analyzing the construction expenses of Yonggwang No. 1 and 2 reactors, which are the models for the ROK-type atomic reactor, the labor cost of simple manpower occupies 15 percent of the overall construction expenses. Therefore, if North Korea provided simple manpower alone, up to \$500 million could be saved in building the light-water reactor.

Another official said it is necessary to bear in mind that the light-water reactor that will be provided to North Korea is onerous, and pointed out that it will be favorable for North Korea to accept the responsibility of supplying the spot goods which reduces the burden of redemption in the future. The government decided that it will work to realize this without fail in the process of international consortium consultations including the tripartite talks among the ROK, the United States, and Japan slated for early November. [end recording]

Experts To Survey Reactor Site

*SK2810024294 Seoul SEOUL SINMUN in Korean
28 Oct 94 p 2*

[FBIS Translated Text] The ROK Government reportedly will send a joint advance survey team of ROK and

U.S. experts to North Korea to collect basic information for the construction of light-water reactors in November, before the forming of the Korea Energy Development Organization (KEDO), the international consortium for the construction of light-water reactors for North Korea.

The government held its first meeting on measures for the light- water reactors to be supplied to North Korea at the Foreign Ministry office on the morning of 27 October with Vice Foreign Minister Pak Kon-u presiding. The government made such a decision after accepting the recommendation from a technical team, comprising of representatives of ROK companies, including the Korea Electric Power Corporation, that "a technical team urgently needs to be sent to North Korea to conduct an on-the-spot survey of the site for light-water reactors."

The government will explain this at the high working-level meeting of the three countries involved in the support of light- water reactors to be held by the ROK, the United States, and Japan this weekend or early next week. After the survey team is formed and its missions finalized, the government will ask the United States to formally submit this to North Korea during the expert-level meeting for light-water reactors.

A government official said, "In order to conclude an agreement on supplying the light-water reactors within six months as stipulated by the U.S.-North Korean agreement, KEDO must be established within two months. A visit to North Korea by ROK and U.S. experts will be inevitable before the formation of KEDO because basic information on safety and the feasibility of the site is needed in order to conduct concrete discussions on cost sharing and other matters."

SKNDF Statement Supports DPRK-U.S. Agreement

*SK2710122594 (Clandestine) Voice of National
Salvation in Korean to South Korea 0300 GMT
27 Oct 94*

[FBIS Translated Text] The Central Committee of the South Korean National Democratic Front [SKNDF] on 26 October issued a statement supporting the publication of the agreed framework at the third round of the North Korean-U.S. talks.

In the statement, the SKNDF Central Committee pointed out the agreed framework adopted at the North Korean-U.S. talks serves as a historic milestone, which has the epoch-making significance of resolving the nuclear issue on the Korean peninsula that emerged as an acute showdown issue on the earth [chomyehan taegyol munje]; of promoting the relations between North Korea and the United States; of realizing peace and peaceful reunification on the Korean peninsula at an early date; and of guaranteeing peace in Asia and the rest of the world. It is also a document of historical significance that indicates a new vision for establishing a new

international political order under which small and large countries can live peacefully together on an equal basis.

The statement stressed that a small country, such as North Korea, could reach a miraculous agreement even under the condition of having experienced an enormous mourning because the North Korean people uphold General Kim Chong-il, a brilliant commander who possesses indomitable grit and clairvoyant wisdom, as the head [yongsu] and the center of the single-hearted unity.

The statement said the result of the North Korean-U.S. talks clearly shows that the smaller a country is, the more it should stress its independence, and that if a small country follows and is subservient to big powers, the national interest cannot be defended.

The statement maintained that the Kim Yong-sam group, a flunkeyist and treacherous group which is running amok to crush their own fellow countrymen with the outside forces' strength, is in the crisis of being attacked on all sides in the wake of the announcement of the agreed framework. The statement said that Kim Yong-sam group's anti-independence and anti-nation spirit has failed and the Kim Yong-sam group is like the dog who, chasing after the chicken, looks at the roof in vain.

The statement stated that the Kim Yong-sam regime's foreign policy is a total wreck and it should begin first by apologizing to the nation.

In order to open the door of reunification in the nineties, the SKNDF and the patriotic popular masses will mete out a deserving punishment to the Kim Yong-sam group and establish an independent and democratic regime without a failure.

Government Says Armistice Agreement Still Valid

SK2810033394 Seoul YONHAP in English 0244 GMT 28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)—The government said Friday that even if China withdraws its delegation from the Military Armistice Commission (MAC), the armistice agreement will remain valid.

Therefore, North Korea is still obligated to abide by the armistice agreement, a senior official said.

China notified the South Korean Government in early September that it would pull its delegation from the MAC, adding that it had clearly told North Korea the current armistice system should be maintained until a new peace system was established, the official said.

"The problem of changing the armistice agreement into a peace accord is the kind of problem which should be dealt with directly between South and North Korea. Related countries, including the United States, know that point very well," he said.

North Korea's state-run central news agency reported Thursday that the Chinese delegation had announced its imminent withdrawal from Panmunjom and paid a farewell call on the North Korean Forces' Panmunjom Mission Thursday.

Meanwhile, the United Nations Command (UNC) in Korea said it had not been officially notified that the Chinese delegation would quit the Korean Military Armistice Commission soon.

UNC Spokesman Jim Coles said that even if the Chinese delegation withdrew from the Truce Village of Panmunjom, the UNC would consider it a recall, not a withdrawal. Coles said that the UNC still regards China as a party to the armistice agreement.

The Chinese delegation appeared at Panmunjom in September, when North Korea returned the remains of American soldiers killed during the Korean war to the U.S. side, and attended the 460th Military Armistice Commission (MAC) meeting in March 1991. No such meetings have been held since then.

ROK-U.S. '94-Eagle' Exercise Scheduled 1-7 Nov

SK2810093494 Seoul KBS-1 Radio Network in Korean 0900 GMT 28 Oct 94

[FBIS Translated Text] The Defense Ministry has revealed that the 94-Eagle exercise, which is a joint ROK-U.S. night warfare exercise, will be held for one week from 1 to 7 November. This exercise, which is held annually, mainly as a defense exercise on the communications zone, south of Seoul, is the 29th exercise for this year. Our active military force, including the local division; the U.S. military force; and reserve force will take part in the exercise.

The Defense Ministry said that blank shots will be fired and night battle exercise will be included in the exercise. It asked the residents in the related regions to take precautions.

Former POW Says 'Thousands' Detained in DPRK

SK2810051494 Seoul CHOSON ILBO in Korean 28 Oct 94 p 31

[By reporter Kim Tong-sop]

[FBIS Translated Text] It has been learned that thousands of ROK POW's, at least, had been detained in a special concentration camp in Aoji of North Hamgyong Province, a reeducation camp in Kanggye of South Pyongan Province, mines, and other places in South Korea.

On 27 October, Second Lieutenant Cho Chang-ho, 64, who defected to ROK after 43 years of detainment in North Korea, said: "I have seen thousands of ROK

POW's in reeducation camps, special concentration camps, and other places; none of them have been repatriated to South Korea."

He also revealed: "There were approximately 300 ROK POW's in the first special concentration camp in Aoji, to which I was transferred after the armistice."

North Korea alleged during the 1953 exchange of POW's that "there are no more South Korean POW's in North Korea." Mr. Cho's testimony shows that North Korea's allegation at that time was false.

Mr. Cho also said: "There were several concentration camps in Aoji at that time. POW's were sent either to the reeducation camp in Kanggye of South Pyongan Province or to mines after being detained in Aoji for five years."

"A Brief History of the Korean War," published by the History of War Committee of the ROK Defense Ministry in 1986, notes that there were 82,318 unconfirmed deaths among those who were killed in action during the war. At the time of the armistice, North Korea repatriated only 7,142 ROK soldiers and 4,417 U.S. soldiers. Experts say that North Korea detained more than 50,000 POW's at that time and considering the fact that many of them may have died natural deaths or from diseases since then, a minimum of about 10,000 are believed to be alive in North Korea.

Mr. Yi Ki-pong, a military expert, said: "North Korea detained many POW's to use them in post-war rehabilitation. They include four regiment-commander-level officers, namely Colonels Pak Sung-il, Ko Kun-hong, and Pak Kwang-hyok." He also said: "As late as it is, the government must bring this issue up in North-South dialogue, before the UN Human Rights Commission, the International Court of Justice, and all other possible channels in order to have the POW's repatriated."

DPRK Exile in Russia on 'Resistance' Groups

SK2810023994 Seoul YONHAP in English 0207 GMT
28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)— "Many resistance groups exist in North Korea which maintain clandestine contacts with anti-North Korean organizations abroad," former North Korean Vice Home Minister Kang Sang-ho alleged Friday.

Co-chairman of an anti-Pyongyang organization in Russia called "The Save-the-Nation Front for Democratic Unification of Korea," the 85-year-old Kang made the allegation hours before the opening of the "Seoul Rally for Democratization and Recovery of Human Rights in North Korea" at the Olympic Parktel in southeastern Seoul.

"Judging from remarks by North Korean laborers working in Khabarovsk and elsewhere in Russia, the

North Koreans are strongly discontented with Kim Chong-il and appear not to accept him as their leader," Kang said.

Kang, who currently resides in St. Petersburg, Russia, had this to say about Kim Chong-il's leadership: "In the North, there are forces supporting Kim Il-song's widow Kim Song-ae, his son Kim Pyong-il and his younger brother Kim Yong-chu. But they have not yet consolidated themselves into a strong enough force to confront the Kim Chong-il group. Accordingly, the Kim Chong-il system is likely to continue for the time being."

Referring to the North's nuclear program, he said, "it has yet to be confirmed whether North Korea has developed nuclear weapons. But as time passes, Pyongyang's chances of possessing them will become greater."

Kang called on South Korea to refrain from providing the North with economic assistance including food on the ground that "Pyongyang may use it to reinforce its military strength."

The Seoul rally, the second of its kind, is co-sponsored by The Save-the-Nation Front for Democratic Unification of Korea and The Council for Promotion of Democratization of North Korea. The first such rally was held in Washington in October last year.

Discharge-Promotion Ceremony for Escapee 4 Nov

SK2810095494 Seoul YONHAP in English 0847 GMT
28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)— The Defense Ministry announced Friday afternoon that it will hold a discharge-promotion ceremony around Nov. 4 for Second Lt. Cho Chang-ho, who recently escaped from North Korea after 43 years of confinement.

Lt. Cho, 64, will be promoted to first lieutenant in a ceremony held by the 9th Infantry Division, to which he belonged when he was captured by Chinese soldiers. Defense Minister Yi Pyong-tae and Army Chief of Staff Gen. Kim Tong-chin will be present.

Prior to the ceremony, Cho will visit the national cemetery to strike his name from an epitaph there and receive the order of military merit from President Kim Yong-sam.

The chief executive dropped by the Army hospital where Cho is hospitalized Friday morning and sympathized with the artillery second lieutenant.

"Cho's escape is an example of human victory without precedent in history," the president said. "Lieutenant Cho brought to our people's attention his devotion to country and freedom."

The president said he had instructed the defense minister to see to it that a nice ceremony is held for Cho

when his health improves. The government was reviewing how to award the highest order to him, Kim added.

Finnish Premier To Convey Letter to Kim Pyong-il

SK2810022894 Seoul YONHAP in English 0214 GMT 28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)—South Korea found a new channel through which to reach North Korea Friday, asking Finnish Prime Minister Esko Aho to relay a message to North Korean Ambassador to Finland Kim Pyong-il.

Prime Minister Yi Yong-tok met Aho, currently visiting here, and asked him to tell the North Korean ambassador that Seoul will expand economic cooperation with Pyongyang as long as the latter guarantees its nuclear transparency.

"Please tell him, too, that the most important thing is recovering inter-Korean mutual trust," the prime minister was quoted as saying by his spokesman.

Aho, saying that he has met Amb. Kim Pyong-il in the past and held an interesting conversation, promised to deliver the message when he sees him again.

Yi explained the North Korea-U.S. nuclear agreement and asked for Finland's support in realizing inter-Korean dialogue, the spokesman said.

Yi also sought Finnish backing for South Korea's bid for a non-permanent seat on the UN Security Council and to have its trade minister elected as the first director-general of the World Trade Organization (WTO).

Aho expressed support for South Korea's bids, the spokesman said.

The Finnish prime minister showed active interest in forestry cooperation, saying he wants to transfer technology and experience in establishing man-made forests.

Finland is willing to help South Korean businesses make inroads into the East European countries, Aho added.

Helsinki Radio Report

LD2810115794 Helsinki Suomen Yleisradio Network in Finnish 1100 GMT 28 Oct 94

[FBIS Translated Text] Finland's special status in the relations between the two Koreas has been emphasized during Prime Minister Esko Aho's visit to South Korea. Prime Minister Yi Yong-tok hoped that Finland will act as a channel of communications between North and South Korea. Finland has prerequisites for this because it is one of the few Western countries which also has diplomatic relations with North Korea. In addition, Kim Pyong-il, the half-brother of the current North Korean leader Kim Chong-il, is an ambassador to Finland.

Prime Minister Esko Aho said that Finland can get information from both Koreas better than many other countries. Aho emphasizes, however, that the South Koreans have not asked Finland to become a mediator between North and South Korea.

Delay Likely in Inter-Korean Economic Cooperation

SK2810083394 Seoul YONHAP in English 0731 GMT 28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)—Inter-Korean economic cooperation, which figured to get a boost from the Washington-Pyongyang nuclear accord last week, is likely to be delayed for some time.

Deputy Economic Planning Minister Kang Pong-kyun said Friday, "There is no need to hasten Inter-Korean economic cooperation as an international consortium for building light-water reactors in North Korea has yet to be established."

Administrative agencies are still discussing how to form and push a body promoting Inter-Korean economic cooperation, he said. "Accordingly, comprehensive measures for Inter-Korean economic cooperation may not be made public for a week or two." The government originally planned to announce such measures this week.

"Visits to North Korea by businessmen and engineers and transportation of facility materials to the North, however, could be promoted on a case-by-case basis," Kang added.

Referring to South Korea's role in providing North Korea with light-water reactors, the nation's No. 2 economic planner said no specific decision has been reached on burden-sharing and means of raising the required funds. He added, however, that South Korea's share will exceed 50 percent and that it will play the leading role in promoting the light-water project.

Private Sector Economic Cooperation With North

SK2610021294 Seoul YONHAP in English 0147 GMT 26 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 26 (YONHAP)—The government will push for inter-Korean economic cooperation through the private sector, but it will only foster the proper business environment without providing direct financial assistance.

A government official said Wednesday [26 October] that Seoul will create a sound business climate for inter-Korean economic cooperation, including granting permission for visits to the North by South Korean businessmen and technicians.

He said the administration, therefore, will not provide financial or institutional assistance on a governmental level for doing business with North Korea.

Revealing that a final decision on South-North economic cooperation will be reached at a national unification and security policy coordination meeting soon, he said the government's basic position is to allow individual firms to go ahead with business activities with the North.

To foster the right business environment, he continued, the government will allow visits to the North by businessmen and technicians as well as the shipping of production facilities out of the country for processing-on-commission.

To this end, the government will either amend or provide regulations and guidelines concerning commodity goods for inter-Korean exchanges so that the necessary equipment for processing can be shipped to the North.

The present government guidelines on inter-Korean commodity exchanges call for separate government approval when business companies ship out production facilities.

The only case falling under these guidelines came in 1992, when the Kolon Business Group sent 200 weaving machines for processing-on-commission to North Korea with government approval.

The official went on to say that the government plans to provide new guidelines so that local firms fully understand North Korean laws and regulations regarding joint ventures and foreign investment.

The guidelines will also include conditional clauses stipulating that any business agreements between South and North Korea can take effect only after receiving approval from the government authorities concerned, the official explained.

He stated that if the government's plan is implemented, firms will seek inter-Korean economic cooperation on their own without direct state support so there is no excessive and irresponsible competition among local businesses hoping to advance into North Korea.

*** Problems in Doing Business With DPRK Noted**
942C0213D MAL in Korean Sep 94 pp 202-207

[By reporter An Chol-hong]

[FBIS Translated Text] The inter-Korean relationship has been frozen solid by the effects of Neo-McCarthyism. Behind the scenes, however, countless North and South Korean companies and frontline businessmen meet, negotiate, and trade. We will hear of their lively experiences, the joys and sorrows of the trade, through the words of businessmen active in its front lines.

Worry of the North Korea Teams: "No Results; Much Interest"

Deputy Section Chief Han Kyong-pyo (32) is the person in charge of North Korean affairs on Miwon Trade's special project team. He has worked here continuously

since the creation of the company's North Korea team. An anxious wait begins the moment he receives a fax telling him that a ship is entering Nampo harbor. Nothing is confirmed: not whether the ship really entered the port, nor whether the ship has been properly loaded, nor whether there is a problem with the quality of the products received. Hurry and write up a situation report, his superiors roar. If he could have his way, he would run and check things himself. But there is nothing he can do about it. In this frustrating business, the loads have to arrive before you can know how you have done. At best, the process takes a month; if there are many problems, it may take several months. It nearly drives him crazy. Forget about a direct route. He just wishes that at least communications were possible. The position of the North Korea team within the company is curious. Even though it unceasingly puts out projects, the team has not made a dime of profit. Even so, the North Korea team has captured the great interest of the owner. Out of the Miwon Group, in fact, the sales of the North Korea team are insignificant. At \$15 billion out of \$280 billion, they make up only 5.3 percent of total sales. The same is true if one compares this with the percentage of total foreign trade occupied by trade with North Korea. In 1993, trade with North Korea barely made up \$186 million of Korea's total foreign trade of \$166 billion, or a mere 0.1 percent. Despite this, domestic economic circles take great interest in economic exchange with North Korea. The reasons for this interest are still more easily found outside of economic considerations. There are almost no companies claiming to have actually made a profit in inter-Korean trade. Most companies are suffering losses. They are said to be doing well just to maintain the status quo. Only a few companies looking for marginal profits have done well with a one-time importation of North Korean agricultural products. What, then, is motivating businesses to continue to cling to projects with North Korea? "Taking a long-term view of North Korea, we will have to cooperate whether we like it or not since we are one people," said Mr. C (43), a department chief and the head of the North Korea team at company R [as published]. This shows us his fundamental perspective on economic cooperation. Of course, if no economic gains were expected, his words would only be for the ears of outsiders. The biggest reason big businesses do not give up on their North Korean projects is that they are optimistic that inter-Korean economic cooperation will soon be invigorated. They maintain their contacts in preparation for that time, looking to the prospects of long-term investment rather than immediate gain. They need to maintain their projects for getting a jump on opportunities and for building reliable connections with North Korea. Also, there is no field like economic cooperation with North Korea for getting good press without spending money. There is also the additional effect of an improved group image. The battle of pride between big business owners, "You're doing it, so why can't I?" also plays a part. Hence, although most small and medium business stop

at one-time ventures because of their lack of capital, big businesses are expanding their projects with the strong support of management.

Meetings Between Northern and Southern Businessmen Now Customary

As of late 1993, 132 companies were participating in the trade with North Korea. Most of these conduct indirect trade through a third country, such as China. In principle, direct trade is impossible because the South Korean Government forbids southerners to visit North Korea and North Korea does not recognize regular trade with South Korea. Recently, however, there is an increase in the number of companies that conduct trade directly while using a middleman only for contracts or that set up corporations in Hong Kong and other locations and conclude contracts with North Korean firms. This is generally the form adopted by big business. Since it was the very first in South Korea to import North Korean ginseng liquor in 1989, the Koorong Corporation has been continuously importing raw materials. At first, it conducted indirect trade through middlemen. Now, however, it is conducting trade through a corporation it set up in Hong Kong. The following are the words of Deputy Section Chief Kim Pyong-sik (30) of Koorong's Development Project I team. He has been working in this field since trade with North Korea began. "Representatives of North and South Korean firms meet directly, negotiate, and even draw up contracts. But the contracting parties are the North Korean company and the corporation set up in Hong Kong by the South Korean company. Recently, we have even concluded contracts that indicate the company's name, Koorong, but do not state its nation or address." Although on a par with direct trade, this is indirect trade in form. In this process, some not-too-funny episodes do occur. Let us say there is a negotiation table in Beijing at which the representatives of North and South Korean companies can participate. In this case, representatives of the North Korean firms, excluding high-ranking individuals, approach the talks as if they absolutely will not conduct direct negotiations with the South Korean side. They probably think differently, but this is what they show on the outside. In most cases, the South Korean side too will conform to this approach. Thus, scenes unfold in which the absurd question, "How is the weather in Hong Kong lately?" seems natural and the answer, "Prices are high in Hong Kong," is not the least bit awkward. They also talk about China, about their youth, about eating, etc. They talk about everything except subjects that remind them of North or South Korea. Unless it deals with the negotiations, the talk here has to avoid certain subjects. This shows the present state of inter-Korean economic cooperation. Kim Chon-tok (42), head of Hyosong Products' Market Development Department, had a similar episode. In August of last year, Kim and his party were staying at a hotel in Beijing where they had gone for investment talks. He learned that the North Korean businessmen he was supposed to deal with were also staying in the same hotel. Naturally, he attempted to

contact them. However, a message came saying that they could not meet him directly, as if there were a situation in their group preventing it, and suggested they hold their talks through a middleman. In the same hotel, Kim had to conduct investment talks in writing, without ever seeing his counterpart's face. Lately, however, such barriers seem to be gradually giving way. Workers at the branch offices of big companies and those actually involved in the discussions say, "It is now common practice to meet with North Korean businessmen." Recently, Paek Ui-hyon (41), a section chief on the management planning team of Hanil Synthetic Fiber, has even gone alone to the residences of North Korean businessmen to hold negotiations. According to information obtained through unofficial channels, one South Korean conglomerate concluded a contract directly with a North Korean firm. It has been confirmed that even a letter of credit was established through the Hong Kong branch of the South Korean Bank H [as published]. Direct contracts have been formed using expedient methods in the case of oriental medicines, the certificate of origin of which is the very life of a product. When concluding a contract with North Korea, Tea Pharmaceutical Corporation and other importers of medicines affix their seals to the document, leaving empty the blank for the name of the South Korean company. If the southerners then write in their company name, for them it becomes a direct contract, but the northerners have left no evidence of having concluded a direct contract.

"All in All, Wouldn't It Be Best To Import Products Made in the Fatherland?"

A feeling common to all South Korean frontline businessmen is that North Korean businessmen are approaching inter-Korean trade very aggressively. South Korea is North Korea's fourth-ranked trading partner, after China, Russia, and Japan. Business with South Korea makes up 7 percent of total trade. Trade with South Korea has been increasing since the collapse of the Soviet Union and China's demand that transactions be conducted in hard currency. As late as 1992, there were many cases in which North Korean businessmen did not know even the basics of working-level trade, but this is now greatly improved, says Han Kyong-pyo, a deputy section chief at Miwon Trade. "North Korean businessmen are basically smart and well aware of international prices. They add, 'Mr. Han, all in all, wouldn't it be best to import products made in the Fatherland?' As if conducting political negotiations, they wear a poker face and take things right to the brink, but then finally give in," he says. He mentioned the March importation of Mt. Pukan dried pollack as an example. At the time, the price of Chinese dried pollack was \$1,500 per ton. North Korean businessmen asked \$2,000 per ton for North Korean dried pollack. The North Koreans convinced him, Han says, by pointing out that, with a 40-percent tariff on dried pollack, the actual import price of the Chinese product was \$2,100, so that the actual price of the North Korean product was \$100 cheaper. Taeha Pharmaceutical director Ko Sang-ryol

(36) also has good memories of North Korean businessmen. He showed a fax sent by North Koreans congratulating an employee on his wedding. "Since we can understand each other's language, dialogue is easier and more comfortable than when we try to speak in our broken English or Japanese. Since we are all Koreans, there is also much on which we have an emotional connection," he said, reviving sentimental recollections of his meeting with the North Korean businessmen. However, there are also those who say that, although North Korean businessmen are aggressive, they know little about practical business and are timid. Section Chief Paek Ui-hyon of Hanil Synthetic Fiber is often in Beijing for investment talks. "The biggest difference between this year and last is that they now go without their Kim Il-song badges. They seemed to be greatly concerned with their outer appearance. I didn't get the impression that they were working at their own discretion." North Korea's economic destitution is more serious than we think, and even they admit this on occasion, he said. One day, Paek related, North Korean businessmen said that they walked all the way back to their previous day's quarters.

Many Cases of Fraud Suffered at the Hands of Middlemen

In the case of small and medium enterprises, as usual, purely indirect trade is the main part of their business. North-South Promotional Enterprises imported Pyongyang soju [alcoholic beverage] for the first time ever in 1992 and presently specializes in the importation of North Korean liquor, such as Taedong River soju. Ko Chin-yong (41), the company's president, said the following. "Small and medium enterprises generally prefer indirect trade. They don't have the financial resources to set up on-site corporations anyway. But most importantly, forming a contract through a middleman enables them to prevent a situation that could occur if they conducted direct trade: they could not get any guarantee should there be a problem with a letter of credit. They are also attracted by the fact that control is possible through a middleman." Mr. C, a department chief at the large L Corporation [as published], acknowledged as a potential strong point of indirect trade the fact that control can be exercised through a middleman in circumstances in which it is impossible to directly enter North Korea. A danger here is reflected in the fact that there are many cases of businessmen getting caught in the schemes of middlemen. In one instance, a business lost \$20 million to a Korean American middleman claiming to know an influential person in North Korea. In the case of the large enterprise, the K Corporation, it has been revealed that early in its trade with North Korea, the company suffered the considerable loss of several million dollars at the hands of scheming middlemen, resulting in the reprimand of the company personnel in charge of the transaction. Most of the people acting as middlemen in the inter-Korean trade are Korean Americans or ethnic-Korean Chinese with free access to North Korea and with contacts among the northern elite.

Although there are those using buyers with specialized training, this is limited to a few conglomerates. For this reason, there are many times when the middlemen incorrectly convey a side's intentions or act arbitrarily. These side effects are fatal in the on-commission-processing trade. Since this role is played by people without any specialized knowledge, it sometimes results in the completely wrong product being produced. This is an inevitable side effect of the present situation. Nothing can be done about it until inter-Korean trade is normalized, allowing North and South Korean businessmen to visit each other. It is possible to suffer losses because of a combination of problems occurring in the process of the inter-Korean trade: the schemes of middlemen, excessive competition among South Korean companies, mistakes made due to a misunderstanding of North Korean trade practices, etc. One typical case is that of North-South Promotional Enterprises. In early 1992, North-South Promotional Enterprises concluded a contract with North Korea's Choson Foods Trading Company to import 20-million bottles of Pyongyang soju. In February of that year it opened a letter of credit. However, it was not until July, five months after the scheduled date, that the product was shipped. The shipped quantity was far below the contracted amount. Later, they got an accurate assessment of the production capacity of Choson Foods Trading Company. It was a mere one-tenth of the contracted quantity. "Unaware of international practices, the North Korean companies were too ambitious and made their estimate too large. After concluding the contract, we made all the necessary preparations, such as starting large-scale advertising and negotiations with our clients. With the shipment late, and in insufficient quantity, our losses were enormous from the beginning," says company President Ko Chin-yong. However, what happened next was really important. Overheated competition broke out between South Korean companies because the North Korean alcohol sold well in the South. One South Korean operator approached North Korea's Pyongyang soju company through a different Chinese middleman. Ultimately, the North Korean firm asked North-South Promotional Enterprises to raise the price it was paying and cut off its supply of the product. The contract ended up being canceled. In the course of these events, a knife fight even broke out among Chinese middlemen. This was only narrowly settled by the mediation of the Liaoning provincial government. This incident was caused by the legal, systematic apathy of the South Korean Government, which has neither an inter-Korean agreement on economic exchange nor a mechanism for arbitrating the excessive competition among South Korean companies. "In North Korea, the problem is the serious lack of knowledge about international-trade practices; in South Korea, the total absence of a government-level policy on inter-Korean trade," says North-South Promotional Enterprises President Ko Chin-yong. His words are worth careful consideration.

"Their Sewing Skills Are Good..." Vitalization of Sewing, On-Commission Processing

The importation of North Korea products is expanding even as it goes through many ups and downs. Exports to North Korea are insignificant, however. The quantities are so small that even the statistics are difficult to obtain. In 1993, South Korean exports to North Korea reached \$8.04 million. This is only 4.5 percent of imports from North Korea. Even this small quantity is made up of inferior items. Cotton fabrics, knitted goods, woolen fabrics, filament fabrics...it is all textiles. They are raw materials for the on-commission processing trade. The finished products or semi-finished products we commonly imagine are nowhere to be seen. Frontline businessmen believe there are presently somewhat over ten items being exported to North Korea. However, in this case too, most are exported based on barter trade. Cases in which South Korean companies request barter trade for restricted items normally difficult to import fall under this category. This is because controls on restricted items are much more lax for barter trade. The story of how Minwon Trade gave up after an attempt to export laundry detergent symbolically shows why exports to North Korea are not doing well. In 1992, the Minwon Group sent samples of 180 items of daily necessities manufactured by the group that are sold in South Korea. It even exported over \$10 thousand worth of sugar, cooking oil, seasonings, and agricultural vinyl. Based on this success, the Minwon Group planned to export laundry detergent to North Korea early this year. It costs \$600 per ton for this company to manufacture laundry detergent domestically. With special consideration given it by the government, the company was able to lower this price to \$500 per ton. So, the group set up this plan with the understanding that it would have to take some losses. However, North Korean businessmen just laughed, "We bring [laundry detergent] in from China at \$280 per ton." Economic exchange between North and South Korea has surpassed the simple trade of the early period, developing to the present level of on-commission processing. Direct investment, joint ventures, and other cooperative projects have in effect been suspended since the South Korean Government in 1992 banned investment in North Korea. However, as of late June 1994, 13 corporations, including Samsung, Lucky Goldstar, and Daewoo, are involved in the on-commission processing trade with North Korea. The present level of trade in on-commission processing is only \$15 million and it is limited to specific items, such as textiles and clothing. However, according to the outlook of South Korean companies, this is the area of inter-Korean trade that will be most active in the future. Although it imports a great deal of minerals as well, the R [or L] Corporation has shown the best performance of South Korea companies in making use of North Korea for the on-commission processing of clothing. Mr. C, a department chief at the company, had the following to say about prospects for inter-Korean economic cooperation. "Because the items are restricted, the trade has almost reached the limit of its growth. Imports are made

up entirely of agricultural products, marine products, and minerals, so there is little prospect for further growth. Looking at exports, the price of daily necessities is too high; the export of rice and oil is banned because they are considered to be strategic products. As long as investment restrictions are not repealed, on-commission processing is the only area that can grow." The level of North Korea's on-commission sewing is very good, according to the evaluation of working-level representatives of companies involved in the trade. The color and needlework are good and, although it varies depending on the detail of the order sent, most of the work is satisfactory, they say. There are only a few defects in the designs appearing on clothing, depending on the type of material, due to a lack of experience. With labor problems and the falling international competitiveness of its products due to high-wage policies and labor disputes in South Korea in the 1990s, Hanil Synthetic Fiber is, as a matter of strategy, attempting to move all of its light manufacturing overseas. At present, the company has relocated 20 percent of its total production capacity overseas. In this situation, it is natural that North Korea, with its low wages, geographically close location, and quality labor force, would be judged to be the most suitable site for overseas relocation. In 1992, Hanil selected North Korea as the location for its on-commission processing and has shown a performance of \$248 thousand [as published] since then. The words of one Hanil representative: "Once inside North Korea, communications are cut off, so you have no idea as to the product's movement. Delivery deadlines are very often not met. Since all communication is done indirectly through a middleman, problems frequently occur because Hanil's suggestions are not accurately conveyed." As these words show, the lack of a direct route and the inability to visit North Korea directly are the main factors preventing frontline enterprises from expanding their projects.

"The Government Needs Political Resolve"

At present, regular routes to North Korea pass through Hong Kong and other foreign countries. Even excluding costs due to a transport time of 40 days or more, losses, such as excessive transportation costs and the damage to products due to their being loaded and unloaded twice, are severe. Of course, they are not completely without a method of using a direct route. Samson Maritime Transportation [Samson Haeun], uniquely among domestic firms, has been shipping cargo irregularly since 1991, between Incheon and Nampo and between Pusan and Chongjin. However, South Korean ships cannot enter port because no inter-Korean agreement on maritime transport has been concluded. At present, Samson is entering North Korean ports by using six chartered foreign ships, including one 2,000-ton class Honduran bulk ship, and hiring foreign crews. However, the shipping expenses of the direct route are higher than those of the indirect route passing through Hong Kong. This is because they are private ships. Why, then, cannot South Korean companies open a direct route? "Opening a

direct route would be nice, but there are problems securing quantities sufficient to make it worthwhile," said Kim Chong-hwan (36), deputy director of Samson Maritime Transportation's special business department. He says the establishment of a direct route is not influenced by political variables. What is important is the government's willingness to vitalize economic cooperation, he says. "As long as a regular route is not opened, companies participating in the trade structurally cannot make a profit because of the burden of transportation costs. This is one of the reasons the trade is not becoming active. Thus, if for nothing else than to revitalize private trade, the government needs to open a regular route and make policy that will preserve shipping companies from loss." It continues even while it appears that it will soon be cut off; it stagnates, even while it appears ready to expand. This is the present state of inter-Korean economic exchange. What then are the frontline businessmen thinking? Let us consider a few of the problems they believe most urgently need to be resolved. First, inter-Korean trade must be formalized. There must be a direct route [for shipping] and businessmen must be permitted to visit North Korea. This requires both the realistic thinking of the North Korean Government and the political resolution of the South Korean Government. Second, an institutional mechanism needs to be set up for creating an investment fund and for insuring companies against loss. These funds can be used in relation to foreign trade: the Foreign Economic Cooperation Fund, the Gratuitous Economic Cooperation Fund, and the Inter-Korean Cooperation Fund, which is specified for use in the inter-Korean trade. However, as for the Foreign Economic Cooperation Fund, which is capable of putting money directly in the hands of North Korea in the form of a loan, it doesn't apply to the inter-Korean trade because it is presently conducted in the form of internal trade. The Gratuitous Economic Cooperation Fund, which takes the form of aid between governments, is unlikely to be considered as long as political factors don't take a turn for the better," said Im Ul-chul, a researcher at the Korea Trade Promotion Corporation. Even the Inter-Korean Cooperation Fund is set up so that it can insure against losses suffered only in "direct trade" by "agreement and direct contract [between government] authorities, using a direct transport route." Therefore, it does not apply to situations like the present one, in which direct transactions are restricted. An exception was the application of this fund to the Chonji Trade's export of rice, realized by the policy cooperation of the government in 1991. There is also a method capable of insuring up to 80 percent of a transaction amount if the Export Insurance Corporation designates [North Korea] a covered nation. In this case too, North Korea is excluded from the list of covered nations because of political considerations. The above issues too can be resolved by the political determination of the government. Third, political mechanisms need to be created. At present, North Korea does not officially recognize trade with South Korea. Because of this, there has been no progress in achieving a basic agreement on

trade between the governments of North and South Korea or in establishing an arbitration organization for resolving disputes, both of which are absolutely essential. The two governments in September 1992 exchanged an annexed agreement concerning the agreement on inter-Korean exchange. That annexed agreement contained declarative clauses on investment guarantees, the opening of shipping routes, etc. However, when the inter-Korean relationship reached an impasse due to the nuclear issue, a measure banning visits to North Korea by businessmen was adopted the very next month, in October 1992. As for the drafts of the annexed agreement, the opportunity was lost to conclude a concrete agreement. Even now we must draw out the declarative sentences in those drafts and conclude a concrete agreement, frontline businessmen assert. "The government has a dualistic policy toward North Korea. For its political ideology it maintains a hard-line policy. Even so, I hope the economic exchange will continue. But if the government genuinely desires the vitalization of economic exchange, it must create an atmosphere in which businesses can work." These words by an executive of the H Corporation reflect the hopes and grievances of all actually involved in the work. One businessman we met while covering this story criticized the government's policy on inter-Korean economic cooperation for its total lack of consistency and added, "Given the present government position, the North Korean business itself has no meaning." "It is important for the technology and capital of the South to meet the quality labor of the North also in order to revitalize the competitiveness of the light-manufacturing industry, which has been pushed out to China or Southeast Asia. The government needs to have political resolve." These words of Yi Yong-hwan, director in charge of inquiries at the Federation of Korean Industries, do not merely reflect the commercial spirit of a businessman.

DPRK Trade Body Said Torn by 'Internal Strife'

*SK2610071094 Seoul YONHAP in English 0658 GMT
26 Oct 94*

[FBIS Transcribed Text] Beijing, Oct. 25 (YONHAP)—The Kumgangsan (Mt. Diamond) Group, operating in Beijing as one of North Korea's external trade bodies, is reportedly torn by internal strife pitting its female president Pak Kyong-yun, a Korean resident of the United States, against manager Pak Chong-kun, a bigwig in Pyongyang.

The group runs the Kumgangwon Restaurant and a karaoke shop in Beijing.

According to sources well versed in North Korean affairs, the two antagonists' enmity is so serious that they are bad-mouthing each other to Kim Chong-il.

Manager Pak was recently recalled to Pyongyang to undergo investigation for alleged embezzlement of group funds, based on a charge filed by President Pak, a source said.

The former has complained about the latter's "false accusation," and it remains to be seen whether he will return to his Beijing post, the source said.

The widowed Pak Kyong-yun, who is sitting on a fortune left by her late husband, started business dealings with North Korea in the 1980s. She has suffered huge losses in the business, but is reportedly treated as a VIP in Pyongyang thanks to her access to top-level North Korean leaders including the late President Kim Il-sung and his son and de facto leader Kim Chong-il.

On the strength of such powerful contacts, she is said to have played a vital role in arranging for influential Korean residents abroad to visit the North.

Manager Pak, who is confronting his female namesake, is also said to be very influential in Pyongyang. While serving as vice defense minister in the mid-1980s, he was disguised as a businessman in Beijing when he met Mrs. Pak and they became "business partners."

A classmate of Kim Chong-il, Manager Pak reportedly enjoys Kim's trust and confidence.

North Korean sources here claim that Manager Pak's place in the North Korean leadership hierarchy is above that of ordinary ministers and the North's ambassador to Beijing, Chu Chang-chun.

Discord between the two, according to the sources, was touched off by the invitation to Pyongyang of a top leader in the Unification Church who went to the capital in early July to mourn Kim Il-sung.

Mrs. Pak used to handle all arrangements for overseas Korean dignitaries visiting the North. She was furious when the Unification Church leader's visit was realized through the good offices of Manager Pak, according to the sources.

The church leader has gone to Beijing again in a bid to visit Pyongyang to explore business opportunities. But the trip has yet to be realized because he has not decided which of the two Paks he should contact, according to the sources.

The Paks are trying to discredit each other in "a loyalty competition" for the favors of Kim Chong-il, the sources said.

Daily Reviews North Korea's Economic Strategy

*SK2710080894 Seoul TONG-A ILBO in Korean
26 Oct 94 p 10*

[Article by Kim Sang-yong: This is the fifth installment article entitled "The Economy of the North, With an Emphasis on Light Industry" from a series of articles entitled "The South-North Economic Cooperation—Its Tasks and Prospects"]

[FBIS Translated Text] On 25 October, the Center for North Korean Research of the Korea Development Institute [KDI] disclosed that North Korea designated

the period from 1994 to 1996 as "an economic adjustment period" with a view to mitigating economic shock following the failure of its Third Seven Year Plan (1987-1993).

In a report entitled "An Analysis of the North Korean Economy in Its Adjustment Period," Chi Hae-myong, a senior fellow at KDI, predicted that during this period, North Korea would implement an "agriculture-first, light-industry-first, and foreign trade-first policy" and seek to readjust its economic structure and effect a change in its external economic relations.

Chi said: "The fact that North Korea established an adjustment period hints that it can not work out an economic plan for the next period because of its economic recession."

Evaluating North Korea's economic strategy for the adjusting period, Chi said: "This means that North Korea will shift the focus of its basic economic policy from heavy industry to agriculture and light industry and will make active use of foreign trade to galvanize its domestic economy. In this respect, this is "a new economic strategy" that shows a contrast to its previous economic strategy.

In this connection, North Korea conducted a downsizing measure this year to drastically scale down the organization of the heavy industry sector, including the energy and machine industries; and as a result, it seems that North Korea is concentrating its efforts on securing relevant environments for investments in light industry and agriculture. Also in the field of external economic cooperation, North Korea is showing an unprecedentedly active attitude this year of trying to induce foreign investments.

In a report entitled, "Economic Relations between North Korea and China along the Border Area," No Yong-hwan, a researcher at the Center for North Korea Research, said: "On 6 May, representatives of North Korea's Najin-Sonbong area, which has been designated as a free economic and trade zone, exchanged with their counterparts from Hunchun, Jilin Province, China, a protocol on joint-venture projects to be implemented following the opening up of the special zones. According to this protocol, they are supposed to develop the Najin-Sonbong Special Zone and the Hunchun Zone simultaneously as free economic and trade zones, where neither visas nor customs duties are necessary, and to jointly construct the infrastructure, including the port facilities and roads, necessary for these zones."

This is construed as North Korea's attempt to develop the light industry into an export-oriented industry by bringing foreign capital in, even to a limited area. Choe Pyong-son, a KDI researcher who wrote a report entitled, "Present Status on the Processing-on-Commission Trade between South and North Korea," said: "From January to the end of June this year, the processing-on-commission trade between South Korean enterprises and their

North Korean counterparts was conducted in 46 cases and the amount of goods in trade totaled \$10.126 million, more than double the volume of trade conducted during last year. Unlike Japan, however, the problem is we are failing to realize the processing-on-commission trade on high value-added products such as clothing."

On-the-spot technical guidance by technicians is essential in producing high value-added clothing such as men's wear. Because South Korean technicians cannot visit North Korea, there is a limit to ROK's processing-on-commission trade with North Korea.

Choe went on to say: "Since 1987 when the Taiwanese Government took a measure allowing the people[in Taiwan and mainland China] to visit their relatives [in Taiwan and mainland China], trade and investments conducted between China and Taiwan have been rapidly increasing. In order to see progress in the processing-on-commission trade between the South and North, personnel exchanges, including technicians' visit to the North, must be realized."

This notwithstanding, experts are pointing out that, because North Korea basically has misgiving and is wary, worrying whether South and North Korea's economic cooperation might be a part of "South Korea's strategy to achieve unification through absorbing North Korea," North Korea's attitude toward the South-North economic cooperation appears wary and ambivalent.

This was pointed out by O Kang-su, a researcher at the Center for North Korea Research, in his report entitled "A Change in North Korea's External Economic Policy and Economic Cooperation between South and North Korea." He said: "Since the end of 1992, North Korea has been showing a remarkable change in its basic policy of inducing foreign investments, to the extent that we can call it epoch-making. But, it will be difficult to expect rapid progress in South-North economic cooperation, because North Korea is making decisions on the location and size of the area to be opened up, and on the targeted enterprises and projects, while taking into account ripple effects in politics and economic benefits that will follow. As shown in the process of the collapse of socialism, opening up without reforms cannot succeed. Because North Korea is pushing for a limited opening up, the climate for the South-North economic cooperation may not change greatly."

O Chin-u Undergoes Medical Testing at Hospital

SK2810014494 Seoul YONHAP in English 0134 28 Oct 94

[FBIS Transcribed Text] Paris, Oct. 27 (YONHAP)—North Korea's ailing No. 2 man appeared briefly at a Paris hospital Thursday morning for a quick diagnosis, whose results are expected out in two to three days, and to decide whether he needs surgery.

O Chin-u, minister of the North Korean People's Armed Forces, slipped past reporters who had waited hours for

him to show up at the main gate of Laennec Hospital, and went in via the back entrance used by cleaning and delivery trucks.

Clad in a black hat and dark grey coat, he appeared weak as an aide lowered his head for him as he got into the car, whose interior was made invisible by tinted windows.

O is reportedly suffering from lung problems and Laennec boasts some of the top experts in the field.

The North Korean official underwent a 30-minute test, but hospital officials refused to comment on what it was about.

A diplomatic source here said the results are due in two or three days and O may have to stay about 10 days if he needs to undergo surgery.

He is expected to return immediately to North Korea, where a supreme leader has yet to formally take office, if the hospital judges that surgery is unnecessary.

O arrived at Laennec in a car belonging to the North Korean Mission to UNESCO. An aide and a security guard accompanied him in the car while a nurse and other mission officials followed him in a separate vehicle.

Hospital officials had allowed free (?access to) reporters until Wednesday, but then placed policemen at the front and back entrances from early Friday morning.

Police blocked the media from taking pictures, including TV cameras.

Further on Hospitalization

SK2710130194 Seoul KBS-1 Television Network in Korean 1209 GMT 27 Oct 94

[FBIS Translated Text] O Chin-u, minister of North Korea's People's Armed Forces who is reportedly suffering from a lung disease, appeared at a hospital located in downtown Paris on the afternoon of 27 October.

Correspondent Ko So-yong reports from Paris:

[Begin recording] [Ko] O Chin-u, minister of North Korea's People's Armed Forces who arrived in Paris by special plane on 25 October for treatment, entered Laennec Hospital today for comprehensive medical testing.

O Chin-u has not been hospitalized since his arrival, however, he received treatment from the hospital's medical team today.

It was learned that he will return to North Korea within two or three days if the results of today's treatment reveal that the condition of his lungs is bad. If the results reveal that surgery is necessary, he will undergo an operation and be hospitalized for two or three weeks.

The condition of O Chin-u, 77, is not immediately known. However, a staff member of the North Korean mission in Paris denied that he has a chronic disease.

[Unidentified North Korean mission in Paris staff member] O Chin-u appeared at the memorial service on the 100th day after Kim Il-song's death looking healthy. We were very surprised to learn the news from South Korea that he was suffering from cancer.

[Ko] When it was learned that O Chin-u, who is second in North Korea's power hierarchy, would receive treatment today, the front gate of Laennec hospital was packed with reporters from the ROK and Japan to cover the story. This has been Ko Su-yong from Paris. [end recording]

PRC To Sign Memorandum on Reactor Construction

SK2810081894 Seoul YONHAP in English 0806 GMT
28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)—Seoul and Beijing will sign an agreement during Premier Li Peng's visit here next week that heightens the chances of exporting South Korean-style nuclear reactors to China, officials said Friday.

The two sides plan to sign a memorandum of understanding on a feasibility study for reactor construction, which the officials say means China will agree to let South Korea participate in new reactor projects.

"The meaning of this pact is significant," said Yu Pyong-u, director-general for Asia and Pacific affairs at the Foreign Ministry. "China is showing trust in South Korean-style reactors and, by signing the memorandum, it is saying South Korea can compete in project bids."

Premier Li visits Seoul from Oct. 31 to Nov. 4 accompanied by six ministerial officials and at least 30 businessmen.

The two sides will sign an aviation pact ushering in direct flight services between their capitals and a cooperative agreement on peaceful use of nuclear energy.

They intend to sign three memorandums of understanding as follow-ups to these agreements, including

that on the reactor feasibility study and those concerning cooperation on nuclear safety matters and on civil aircraft manufacturing.

Assembly Rejects Cabinet Dismissal Motion

SK2810085694 Seoul YONHAP in English 0828 GMT
28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)—The National Assembly voted down an opposition motion calling for the dismissal of Prime Minister Yi Yong-tok and 22 other cabinet members on Friday.

Sitting in plenary session, the National Assembly was voting on the motion filed in connection with recent major accidents, including the collapse of a Han River bridge that claimed 32 lives last week.

A total of 294 lawmakers from the ruling and opposition parties participated in the vote, with the motion failing to win approval from more than half the total 299 lawmakers on the register, which is needed to actually dismiss cabinet members.

The motion for the dismissal of Prime Minister Yi Yong-tok was voted down 116-174, while that for Home Minister Choe Hyong-u was rejected 118-171. In the voting on the prime minister and home minister, some ruling party lawmakers seemed to have voted for their dismissal, according to a DLP [Democratic Liberal Party] official.

The vote for dismissal of Foreign Minister Han Sung-chu was also rejected 109-182.

The ruling Democratic Liberal Party, which holds a majority of 177 votes out of the total 299, had decided to vote down the motion earlier in the day.

Meanwhile, parliament will resume on Monday the interpellation session, suspended since the tragic bridge accident last Friday because of an opposition party boycott to push for the cabinet's wholesale dismissal.

Vote Results Given

SK2810094394 Seoul YONHAP in English 0835 GMT
28 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 28 (YONHAP)—Following are the individual results of voting on the opposition motion calling for the dismissal of cabinet members conducted Friday:

		Yes	No	Abstain	Invalid
Prime Min.	Yi Yong-tok	116	174	4	
Deputy PM	Hong Chae-hyong	105	180	7	2
Deputy PM	Yi Hong-ku	109	180	4	1
Foreign Min.	Han Sung-chu	109	182	2	1
Home Min.	Choe Hyong-u	118	171	4	1
Finance Min.	Pak Chae-yun	108	179	6	1
Justice Min.	Kim Tu-hui	104	181	7	2

		Yes	No	Abstain	Invalid
Defense Min.	Yi Pyong-tae	114	172	6	2
Education Min.	Kim Suk-hui	109	175	7	3
Culture, Sports Min.	Yi Min-sop	103	175	12	4
Agriculture, Forestry, Fisheries Min.	Choe In-ki	105	178	8	3
Industry Energy Min.	Kim Chol-su	105	180	8	1
Construction Min.	Kim U-sok	112	174	5	3
Health, Social Affairs Min.	So Sang-mok	105	181	7	1
Labor Min.	Nam Chae-hui	104	180	9	1
Transportation	Min. O Myong	102	183	9	
Communications Min.	Yun Tong-yun	106	178	9	1
Government Administration Min.	Hwang Yong-ha	106	180	8	
Science, technology Min.	Kim Si-chung	106	180	6	2
Environment Min.	Pak Yun-hun	106	179	9	
Information Min.	O In-hwan	111	175	7	1
First State Min.	So Chong-won	100	186	8	
Second State Min.	Kwon Yong-cha	103	183	8	

No Evidence Linking Mayor to Bridge Collapse

SK2710070294 Seoul YONHAP in English 0647 GMT 27 Oct 94

[FBIS Transcribed Text] Seoul, Oct. 27 (YONHAP)—The prosecution, investigating the cause of last Friday's [21 October] collapse of the Songsu Bridge in Seoul, has found no evidence implicating former Seoul Mayor Yi Won-chong in the tragic accident that claimed 32 lives.

Seoul city officials arrested in connection with the accident including road bureau director Yi Sin-yong, 56, and Road and Facility Division head Yang Yong-kyu, 48, insisted during interrogation that they had never reported on the dangerous state of Songsu and other bridges over the Han River to former Mayor Yi until he was fired immediately after the mishap, providing no legal grounds for prosecutors to summon him for questioning, a prosecution official said Thursday.

Addressing the controversial report on damage to the Songsu Bridge that the Tongbu Construction Office submitted to the city administration's road bureau last April, Yang and other officials denied that the document was referred to road Bureau Director Yi and beyond for appropriate action, saying it was dealt with at the division-head level. Yang and other related division heads took action on the report, they were quoted as saying.

The prosecution will find it difficult to call in former Mayor Yi and incumbent Mayor U Myong-kyu, who was vice mayor last April, for questioning unless it finds hard evidence showing they read the bridge damage report.

With the interrogation of former Mayor Yi looking almost impossible, the prosecution appeared to have virtually completed its probe of the bridge accident Thursday, six days after it happened.

But if parliament charges former Mayor Yi with perjury in connection with his testimony during the recent parliamentary inspection of Seoul city, the prosecution will summon him as one of the accused. The prosecution has failed to detect any evidence, however, that Yi gave false testimony on the dangerous condition of Songsu and other bridges over the river.

The official said perusal of parliamentary records of the Seoul city inspection failed to confirm that former Mayor Yi told lawmakers there were no safety problems with Han River bridges. The probe results so far make it tough for the prosecution to summon him, he added.

Foreign Minister Visit to EU Meeting Reviewed

SK2710121294 Seoul SEOUL SINMUN in Korean 26 Oct 94 p 4

[Article by reporter Yi To-un]

[FBIS Translated Text] As it has become free from the annoying burden of North Korea's nuclear issue after North Korea and the United States signed a basic document of agreement, the ROK Government has been gradually shifting its focus to practical diplomacy centered around the economy and foreign trade. As an example of such diplomacy, Foreign Minister Han Sung-chu will visit Brussels to attend the tenth ROK-European Union [EU] ministerial conference from 25 to 29 October.

At the moment, the EU is made up of 12 nations, including Britain, France, and Germany; and is the

world's largest market with a population of 340 million and a regional gross national product of \$4,800 billion. The EU is continuously expanding its boundaries by holding negotiations with the seven member countries of the European Free Trade Association, including Austria, and East European nations. In particular, in the recently published "Report on the Improvement of Relations between the ROK and the EU," the EU side stresses the need to consolidate relations between the ROK and the EU and highly estimates ROK's latest measures, such as the implementation of the real name financial transaction system, participation in the Uruguay Round negotiations, and opening up of agricultural markets. In this connection, the relations between the two sides are advancing smoothly.

In a meeting with Leon Brittan, executive member for external relations of the Executive Committee of the EU, to be held in Brussels on 27 October, Minister Han will first discuss the question of concluding a basic agreement on cooperation between the ROK and the EU. The EU occupied a 12.4 percent portion of our country's total export volume last year and has been maintaining an important relationship with our country politically and economically. However, there is no basic agreement yet regulating the relation of the two sides. Minister Han is planning to systematize the relations of the two sides, whose importance is increasing, by concluding a comprehensive mutual agreement encompassing all domains, such as social and cultural matters, including the adoption of a basic agreement on economic and trade activities and a joint declaration on political cooperation, within next month. Foreign Ministry officials concerned are saying that the agreement, which is under discussion by the two sides, will contain more than what was included in previous agreements the EU concluded with Mexico and China. In view of the relations between the two sides, the biggest pending issue to be discussed will be, of course, economic and trade matters. Among other things, the EU is taking interest in the following: EU's worries about the possibility of a surplus supply of ROK shipbuilding facilities following ROK's augmentation of those facilities; a plan to readjust (in other words, decrease) the average customs tariff rate (18 percent); abrogation of the (settled) customs tariff rate of 19 percent that is being levied upon European woolen goods this year; increase of ROK's imports of automobiles; ROK's intensification of intellectual property rights; and ROK's opening up of financial services. In contrast, our side is taking interest in the generalized system of preference [GSP] and anti-dumping issues. It has been learned that while preparing for next year's plans to implement the GSP, the EU will exclude a considerable amount of ROK's main export items, including automobiles, textile, electrical appliances, and electronic goods. Minister Han is planning to demand strongly that EU reconsider such a policy.

Minister Han's visit is not limited only to economic issues. Our side is also planning to explain to the EU ideas to solve North Korea's nuclear issue, which was

settled recently, and to ask for international interest and cooperation. The EU is also taking special interest in APEC [Asia-Pacific Economic Cooperation], in which the ROK, the United States, and Japan are playing a leading role. APEC, the world's largest economic community, was founded by the United States and Japan in the Pacific region, and is posing a big threat to the EU. During his visit, Minister Han will make it clear that APEC will never be an exclusive regional organization; and in the same vein, he will ask the EU to strengthen cooperation between the two economic communities, thus avoiding the EU becoming regionally exclusive.

*** Complete Revision of CPA Law 'Unavoidable'**

*942C0212B Seoul CHUGAN MAEGYONG in Korean
31 Aug 94 pp 38-39*

[By reporter Mun Hyong-nam: "Complete Revision of CPA Law Unavoidable to Make It Worthy of the Age of Openness"—An interview with Yi Chong-nam, president of the Korea CPA Association]

[FBIS Translated Text] "The current Certified Public Accountant [CPA] Law basically retains all the outdated features of its old version of 44 years ago despite minor changes made in the past. By all means, a full revision of it is needed now."

Yi Chong-nam, 58, president of the Korea CPA Association, said so in an interview with this reporter, stressing the need for the National Assembly to pass a revision of the law at its regular session this fall. He recently drafted a full revision plan and forwarded it to the government.

Yi, reelected to another two-year term in May, had spent all his 30-year public life working in the legal branch. He started out as a prosecutor and was once minister of justice. Yi, who obtained his CPA license while in the military service as a legal officer, emphasized that in working for the revision, he focused on public interests and national competitiveness issues rather than the "collective interests" of CPA.

"I plan to practice law in the future when I have served out this two-year term. I won't work as a CPA. Therefore, what I had in mind while drafting the revision was not my personal interests or the professional interests of a CPA alone but, more broadly, a full range of social and national interests. I am proud of myself on this point," he said.

The following are questions and answers in the interview.

—Do we have any urgent reasons that the CPA Law has to be revised at this time, except that it is an old law?

President Yi Chong-nam: Of course, we do. The Uruguay Round agreements call for opening the accounting and tax business market in 1996; consequently, we will have to face a great deal of difficulties in our competition with foreign CPA's unless a full revision of the CPA Law is

passed this year. Also, with internationalization making rapid progress, we are required to establish an advanced, new CPA system as soon as possible; the obsolete law can be a stumbling block in our being competitive in world markets. I originally planned to present my revision draft last year but, for a variety of reasons, it was delayed a year.

—What kind of problems do you see in the current CPA Law?

Yi Chong-nam: The current law replaced the old accountants law in 1966. But a look at its system and content shows that it retains intact the system of the old law enacted in 1950. That is why its obsolescence is so serious. First of all, as seen in the extensive market opening, international economic environments are changing rapidly; while a powerful impact of the market liberalization is expected in various fields including auditing, tax agency, management consulting, the current law fails to address such situations. Also, if the CPA system is to make sound development, it has to be backed up by such factors as the maintenance of independence, fairness in the conduct of business, self-regulation, and cultivation of professional capability on the part of CPA's. But the current law fails to define these matters systematically. Also, with regard to the public responsibility of CPA's, training and disciplinary measures for them, the provisions of the current law are extremely inadequate.

—How did you work on the revision plan?

Yi Chong-nam: We enlisted the research services of the Korea Legislation Research Institute on "ways to improve the CPA system and related laws" in March. The institute conducted comparative research on the laws of six nations—five advanced nations including the United States, the United Kingdom, Germany, France, and Japan, plus Singapore, which is a developing nation but has a well-developed law system—and produced an interim report in June. Based on that report, a 16-member Special Committee for Long-Term Development of the CPA System, made up by professors, accounting corporation representatives and senior CPA's, met three times for deliberations, while a six-member working subcommittee held seven sessions. Thus, the work came to completion recently.

—Were there any basic directions shown in that work? Would you comment on them, if any?

Yi Chong-nam: I obtained my CPA license by passing the test a long time ago, but I had no opportunity to work as a CPA before becoming president of the CPA Association two years ago. So, you may say that I am rather unfamiliar with CPA business. But, at the same time, I see it as an advantage for me that I am in the position of viewing the CPA system and business that much more objectively. During my first two-year term, I felt that our CPA's, while outstanding in their professional knowledge, are more or less narrow in their vision. I had this

finding reflected in the revision plan. Also, concerning the fact that CPA's in the past failed to pay attention to the matter of their social responsibility and service, I saw to it that the problem is addressed and corrected in the plan. In sum, the revision plan features, roughly, three directions—the strengthening of international competitiveness, national development and the protection of the people's interests, and the establishment of the right posture of CPA's and strengthening of supervision over CPA.

—Would you explain proposed new provisions aimed at promoting international competitiveness?

Yi Chong-nam: Our CPA's are less competitive in the field of management consulting than their foreign counterparts. They have been doing consulting work for a long time but the current law has no provisions about it. So, the proposed revision expands the scope of CPA business to include management consulting. It also specifically defines the scope of tax agency and other listed jobs. Positive provisions for the CPA Association and the Accounting Research Institute to step up their field training and study programs for qualitative improvement of CPA's were also included in the proposed plan. In addition, we tried to improve the qualifying test system for qualitative diversification of CPA jobs.

—The proposed plan to improve the qualifying test system makes it easy for government officials who are at grade four or higher and who have accounting experience to obtain a license. It also exempts licensed tax accountants from the primary examination. What are the purposes of these proposed provisions? Was there no protest against them from the existing CPA community?

Yi Chong-nam: With the opening of the accounting market close at hand, what we need is for our CPA's to be diverse in their qualifications, I believe. In order to face foreign CPA's together, we decided to give high government officials in the accounting and tax branches due recognition of their experience and to open the way for them to obtain the license by just taking a supplementary course and a test in practical work. We also decided to exempt licensed tax accountants from the primary test to achieve harmony with the licensed tax accountants system and utilize their knowledge. Some young CPA's protested against the plan on these points but we managed to talk them into agreeing to the proposals at an extraordinary general meeting of the association.

—CPA's and tax accountants are at odds over their business domains. Any plans to improve the situation?

Yi Chong-nam: The proposed exemption for tax accountants from the primary test reflects our desire to improve our relationship with them. The friction between CPA's and tax accountants has lasted for 16 years now since it began in 1978. Their relationship can be compared to that between lawyers and law clerks or that between

physicians and pharmacists, I think. I have a few plans to improve the relationship, although they are not included in the draft this time. In my view, the two licenses should be unified in the long run. The separate tax accountants system exists only in the ROK and Japan. In order to successfully prepare for internationalization and liberalization, the tax accounting business should be unified, I believe.

—You were made the president of the association again at its regular general meeting of the association in May. What are your future plans on operations of the association?

Yi Chong-nam: The fact is that I personally declined to accept the offer very strongly. It is a post busier than

generally thought. In our country, I was the first to obtain a doctorate in the tax law field. I was also the first prosecutor with a doctorate. As such, I have been teaching tax law in the graduate school and the law school of Korea University, and it had been my plan to write a book based on lectures I gave students and my research to date. That was why I tried to decline the offer, but had to accept it after all. So, I will be busy again, putting off my writing for two more years. Under the rule governing the term of president of the association, this is my last term. It was a large undertaking for me to prepare the revision plan. I still have many things to do, including plans for an enforcement decree and detailed enforcement regulations.

Brunei, Malaysia & Singapore

Malaysia

Further on Visit by Balkan Prime Ministers

Trade Agreements Signed

BK2710143594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 27 Oct 94

[FBIS Transcribed Text] Malaysia has signed trade agreements with Bosnia-Herzegovina and Croatia paving the way for Kuala Lumpur to help redevelop the two war-torn Balkan countries once peace is restored. International Trade and Industry Minister Datuk Sri Rafidah Aziz signed on behalf of Malaysia while Bosnia was represented by its Trade Minister Dr. Nikolai Grabovac and Croatia by its Economy Minister Nadam Vidosevic. The signing was witnessed by Prime Minister Datuk Sri Dr. Mahathir Mohamed and his Bosnian and Croatian counterparts, Dr. Haris Silajdzic and Nikica Valentic.

The two Balkans leaders arrived on Tuesday for a four-day working visit at the invitation of Datuk Sr Dr. Mahathir.

Speaking to reporters later, Foreign Minister Datuk Abdullah Ahmad Badawi said the prime minister at the meeting agreed on a trilateral approach to boost the post-war economy and reconstruction of Bosnia-Herzegovina and Croatia. He said Datuk Sri Dr. Mahathir and the two Balkan leaders identified areas for joint venture cooperation.

The prime minister, who described the Balkan premiers visit to Malaysia as very special, emphasized to them that Malaysia was keen to encourage trade with their countries. The three prime ministers had also discussed the establishment of the proposed Federation of Bosnia-Herzegovina and the Confederation of Bosnia and Croatia.

Datuk Abdullah Badawi also said a trade delegation will visit the two Balkan states in the near future to identify business and investment opportunities. He also said that Datuk Sri Dr. Mahathir had accepted the invitations extended by the two visiting prime ministers of Bosnia and Croatia to make visits to their states.

Premiers Comment on Visit Outcome

LD2710182294 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 27 Oct 94

[FBIS Translated Text] A delegation of the government of Croatia and Bosnia-Herzegovina has paid a very successful visit to Malaysia. Croatian Premier Nikica Valentic said following the working part of his four-day stay in Kuala Lumpur. We have talked to almost every cabinet member as well as to the most important businessmen. We are going to receive maximum support for

our companies which are capable of carrying out major projects. These companies will be given certain priority while competing on the same terms as others. Premier Silajdzic and I believe that this visit will considerably improve our interstate and national relations, the Croatian premier said.

The head of the government delegation of Bosnia-Herzegovina, Premier Haris Silajdzic also stressed that the results of the tripartite talks in Kuala Lumpur were very fruitful.

We have done many specific things and reached some agreements, so I can say that from now on the cooperation of Bosnia-Herzegovina and Croatia will be improved even further as well as our cooperation with Malaysia, Silajdzic stressed. Following the tripartite talks, prime ministers Silajdzic and Valentic held a press conference. Premier Valentic stressed that their joint visit to Malaysia contributed to the increasingly close links between the Croats and Bosniaks in the federation and between Croatia and Bosnia-Herzegovina which were being threatened by the same Serbian aggressor.

The lack of resolve on the part of the international community in resolving the crisis in the area of the former Yugoslavia underlines to an even higher degree the need for political, economic and other cooperation between Croatia and Bosnia-Herzegovina.

Asked by Malaysian reporters about Croatia's occupied areas, Valentic stressed that Croatia would do everything to reincorporate these areas in a peaceful way, but just like any other sovereign country it does not renounce its right to secure this goal by any legal means. Most of the questions at the press conference were addressed to the Bosnia-Herzegovina premier.

He singled out Malaysia as one of the first countries to understand the essence of the crisis in the area of the former Yugoslavia and support the just struggle against Serbian aggression. Bosnia-Herzegovina is a test for the new world order, Silajdzic added, a test that will show whether law and order, as opposed to force, will reign. He described the arms embargo on Bosnia-Herzegovina as unjust, saying that peace can only be achieved through a balance of force. He also stressed the importance of Belgrade's recognition of Croatia and Bosnia-Herzegovina as a precondition for peace.

Balkan Prime Ministers Depart

BK2810072394 Kuala Lumpur Voice of Malaysia in English 0600 GMT 28 Oct 94

[FBIS Transcribed Text] Bosnian Prime Minister Dr. Haris Silajdzic and Croatian Prime Minister Nikica Valentic left Kuala Lumpur for home today after a four-day working visit to Malaysia. Foreign Minister Datuk Ahmad Abdullah Badawi was at the Kuala Lumpur International Airport in Subang to bid them farewell.

While in Malaysia, the two leaders met Prime Minister Datuk Sri Dr. Mahathir Mohamed followed by discussions with senior officials of both countries. A trade agreement was signed between Malaysia and the two Balkan countries on Wednesday. The two leaders have invited Datuk Sri Dr. Mahathir to visit their countries at a suitable time.

Speaking at a news conference last night, Dr. Haris Silajdzic said Malaysia is one country that understands Bosnia's problems and knows to do the right things for the war-torn country. Malaysia has been very helpful toward Bosnia's rights from beginning of the Serbs' aggression. He added that the Bosnian Government has invited Malaysia to send two representatives to join the Bosnian agency for reconstruction and development.

Mr. Nikica Valentic, who was at the news conference together with Dr. Haris Silajdzic, said his country will set up its embassy in Kuala Lumpur next month.

Finance Minister Presents State Budget

BK2810130394 Kuala Lumpur Voice of Malaysia in English 0800 GMT 28 Oct 94

[FBIS Transcribed Text] The prospects for the Malaysian economy remain bright in 1995 and the country is confident that it can sustain economic growth at 8.5 percent while reducing inflation to a lower level.

Finance Minister Datuk Sri Anwar Ibrahim said the economy continues to be robust with real gross domestic product increasing by 8.5 percent in 1994. With this achievement, the country will have recorded economic growth exceeding 8 percent for the past seven consecutive years since 1988. He said this in the precis of the 1994-95 economic report tabled in Parliament.

The report was released together with the national budget for next year now being presented by the finance minister. Datuk Sri Anwar, who is also deputy prime minister, pointed out that the buoyant growth has been spearheaded by the strong performance of exports, particularly of manufactured products. At the same time, domestic investment, both public and private continues to remain high.

The Malaysian economy has also almost reached a situation of full employment. This is an achievement Malaysians can all be proud of. However, this rapid growth poses a new challenge as manifested in rising wages. This can jeopardize the competitiveness of the country's products in the international market. The attractiveness of Malaysia as a center for foreign investment can also be affected, as such the country has to ensure that its productivity continues to exceed wage increases.

The finance minister said Malaysians need to prepare themselves to face new and more difficult challenges. The competition for foreign investment and the penetration of international market will be more intense. The

tight labor market will have to be overcome with a greater emphasis being given to the capital and technology-intensive industries which economize the use of labor.

Datuk Sri Anwar said the government believed that the ultimate measure of economic success is the achievement of a higher living standard and improved well-being of the people. This year's economic report, the 23d edition published by the Ministry of Finance, contains major economic indicators which reflect the country's performance in managing the economy and addressing current challenges.

Editorial Hails Efforts To Improve Image of Islam

BK2610150094 Kuala Lumpur BERITA HARIAN in Malay 20 Oct 94 p 10

[Editorial: "Joint Efforts to Restore the Image of Islam"]

[FBIS Translated Text] Malaysia and Iran have agreed to improve the international image of Islam to correct the Western perception that often links Islam to extremism. We believe that the consensus reached during talks between Prime Minister Datuk Sri Dr. Mahathir Mohamed and Iranian President Ali Akbar Hashemi-Rafsanjani and their representatives was based on the premise that the image of the Islamic community should be improved immediately. The Islamic nations themselves must be responsible for changing the negative perception. One way of achieving this is by strengthening Islamic solidarity and closing ranks to face issues of Islamic interest. Unfortunately, Muslims have been misled by the West due to their own different interests and the interests of the powers behind them.

We are sad not only because the West links Islam to greed, but also because various negative labels such as rebels and terrorists have been addressed to Islam to influence the "world view" [preceding two words in English] of the international community. It is undeniable that the West has succeeded in projecting a negative image in international relations and the Muslims have subsequently been viewed negatively. Although we believe that the West has negative ulterior motives in launching cynical propaganda against Islam, the Islamic nations should also see their own mistakes. Infighting has given the West grounds to smear the reputation of Islam.

Morally, if Islam is accused of extremism, terrorism, or fundamentalism, the Muslims will of course be treated as a political organization bent on seizing power, rebelling, or creating disturbances. The PLO, for example, has been considered a terrorist group by the West. Some Islamic nations may be influenced by this perception due to various negative and frightening reports disseminated by the Western media.

For the West, if something involving Islam happens, they will say it is an act of terrorism or rebellion. For them, Muslims only commit bombings and kidnappings,

threaten to unleash terrorism, or hijack airplanes. Their intention is easy to understand. This method is easier than a military retaliation which will meet international opposition. Based on their long-term plan, Islam will be hated by the international community.

As a result, Muslims themselves have no confidence in some Islamic nations. Western influences has penetrated Islamic nations. Facts have been distorted and the peoples of the nations concerned eventually have no confidence in their own nations. It comes as no surprise that they have succeeded in creating conflicts to encourage the peoples concerned to oppose their own governments. Iran, Libya, and Syria have the most negative image in the West. These nations are considered to be involved in high-risk political acts.

If we study the matter more deeply, we will find out that the image of Western nations is worse. Some rebels have been supported by Western nations and powers to overthrow their own governments. Such acts are protected because these powers control the media. For example, the "contras," a Nicaraguan rebel group, relied on the United States during their guerrilla war against the Sandinista government. Undeniably, the "contras" were supported by the CIA.

We are aware that UN member nations have been involved in achieving the objective of discrediting the Islamic nations.

On 8 September 1972, UN Secretary General Kurt Waldheim demanded that a clause on efforts to prevent terrorism that endangered innocent people and undermined basic rights be included in the agenda of the UN General Assembly. He asked the international community to use its influences ostensibly to achieve peace and counter terrorism. In fact, the Western powers had their own hidden agenda.

Cambodia

Government Troops Seize Base; Hostages Not Found

BK2810043894 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 28 Oct 94 pp 1, 2

[FBIS Translated Text] Mr. Tie Banh, cominister of national defense, told REAKSMEI KAMPUCHEA by telephone that the Royal Government's Armed Forces had seized full control of the Khmer Rouge's Phnum Voar base in Kampot Province on Tuesday afternoon, 25 October.

Tie Banh stressed: "We have seized full control of Phnum Voar base on Tuesday afternoon, but we still could not find the three foreign hostages."

The cominister of national defense added: "The splendid results achieved by the Khmer Royal Armed Forces [KRAF] in this seizure of Phnum Voar are attributable

to the cooperation given by the forces of Mr. Chhuk Rin, former Khmer Rouge commander who defected to government's side."

Phnum Voar base had been encircled by the KRAF for over two months, that is, since the capture of the three hostages in July. Recently, this former Khmer Rouge commander, Chhuk Rin, and 140 men and their families defected to government's side. These Khmer Rouge forces have been used in guiding the attacks on the forces of General Pet, Khmer Rouge leader on top of this Phnum Voar hill.

After the capture of Phnum Voar, there have been incorrect reports about the fate and whereabouts of the three foreign hostages. A military official said that Pet has not yet left Phnum Voar, and the hostages are still there because the government forces could capture only the base on top of Phnum Voar mountain but have not yet reached the Khmer Rouge base on the northern slope of the mountain. The Phnum Voar region is a densely forested area.

However, another military official said that Pet left Phnum Voar even before the government forces arrived. All the remaining Khmer Rouge forces there, and the three foreign hostages also went along with General Pet. Pet's forces moved westward across Route 3. According to a military official of Kompong Speu Province, the provincial forces laying await in the vicinity of Route 3 had clashed with these Khmer Rouge forces who later moved northward across Route 3. It is believed that the Khmer Rouge forces were heading toward Aural Mountain via Route 4.

The government forces are now searching for the three foreigners. Also on Tuesday, Prince Krompreah Norodom Ranariddh made an appeal over state radio calling on the Khmer Rouge soldiers to release the three foreign hostages as a gift to His Majesty the King on his 73d birthday.

General Prum Savoeun, who is the commander of the Phnum Voar battlefield division, said that the hostages must have been taken away by Pet's group because they were not seen at Phnum Voar. The general added that before capturing Phnum Voar, some Khmer Rouge soldiers and their families with belongings loaded in ox-carts defected to the Royal Government side. That is, 22 of them defected on Monday, 22 October, and 41 others on Tuesday morning.

The capture of Phnum Voar can be regarded as the first victory in the sweep operations against the Khmer Rouge in this dry season. According to reports, the Royal Government's military campaign in this dry season might be massive and large-scale. Large bases of the Khmer Rouge, such as Pailin, Anlung Veng, Preah Vihear, and so forth, might be the targets of this dry-season offensive.

Ranariddh Spokesperson Denies Hostages Killed*BK2810021694 Melbourne Radio Australia in English
0100 GMT 28 Oct 94*

[FBIS Transcribed Text] Cambodia's senior prime minister has strongly affirmed that three Westerners believed to have been killed by the Khmer Rouge may still be alive. The comment by Prince Norodom Ranariddh conflicts with reports from military officers that the Westerners, including an Australian, were killed last month by the Khmer Rouge group, which had held them hostage since last July.

The Australian Government says it has received credible reports that the three are dead. More from Evan Williams in Phnom Penh:

[Begin Williams recording] A spokesperson for the prime minister says Prince Norodom Ranariddh categorically denies the hostages are dead. He says Army officers in the field do not have the information or authority to declare what has happened and he believes they have been moved and are still alive.

Government troops in the area still have not found the hostages and say there is a strong chance the hostages have been killed. They also cannot find the Khmer Rouge commander who took them. There are reports he has fled the area slipping through the government army cordon.

The Australian Government has strongly urged the apprehension of this guerrilla leader. [end recording]

Reported Escape of KR Commander May Affect Aid*BK2810075494 Melbourne Radio Australia in English
0630 GMT 28 Oct 94*

[From "International Report" program]

[FBIS Transcribed Text] The prime minister of Cambodia says the three Western hostages held by the Khmer Rouge [KR] are still alive. Prince Norodom Ranariddh has angrily denied reports that the three, including Australian David Wilson, have been murdered by their Khmer Rouge captors. At the same time, there are reports that the Khmer Rouge commander believed to be behind the kidnappings has escaped.

Evan Williams reports the disappearance of Commander Pet will anger the Australian Government and may prevent Australian military assistance to the Cambodian Government.

[Begin recording] [Williams] As the bad news filtered out of the surrounded guerrilla base, government generals turned their attention to ending a 20-year Khmer Rouge problem in their area. They are 80 percent sure the hostages, including Australian David Wilson, are dead. Khmer Rouge defectors said the three had been executed up to one month ago.

The search for the hostages or their bodies continues, but frontline government troops have been unable to find them as they swept through the mountains that up until a few weeks ago was off-limits. Until they do find the shallow graves defectors described, government commanders will not rule out a slight chance the hostages may still be alive.

[Unidentified speaker, in accented English] For the hostage, we do not have any further news about that. But anyhow, we still look for them. We will know today for sure, and we are not sure that they are dead not—the hostage. [sentence as heard] They could not find any hostage.

[Williams] The confusion arises because the government army now controls the area and cannot find the hostages, while Khmer Rouge defectors have told them they were killed. But Prime Minister Prince Norodom Ranariddh rejects the claims. He denies categorically the hostages are dead and says no army officer has the information or authority to say if the hostages have been killed. He says they are alive and have been moved off the mountain.

Diplomats say that statement could be an effort to limit the damage or stall for confirmation, but admit as prime minister, Prince Ranariddh should know. Until there is proof the army's attention has turned to the Khmer Rouge commander who took the hostages and apparently ordered their deaths.

Commander Nuon Pet has been abandoned by his fighters. Dozens of Khmer Rouge guerrillas, including several senior officers, have defected to government lines. With their families, they now await government aid to resettle. Commander Pet had been offered a similar deal and was discussing defection terms, but he seems to have duped the government into believing that he would defect. Instead, it seems he has escaped through the government's so-called iron grip, spiking suspicion among some diplomats that a deal may have been struck to end the fighting in exchange for his safe release. [end recording]

Assembly Approves Further Cabinet Reshuffle*BK2810120294 Phnom Penh National Radio of
Cambodia Network in Cambodian 1100 GMT
28 Oct 94*

[FBIS Translated Text] This morning the National Assembly approved a cabinet reshuffle with 88 votes in favor, nine against, and six abstentions.

The reshuffle is as follows:

- His Excellency [H.E.] Ing Kiet, minister of public works and transport, is cumulatively appointed as state minister of the Royal Government of Cambodia to replace Prince Kromkhun Norodom Sirivut, who has resigned.
- H.E. Ing Huot as minister of foreign affairs and international cooperation to replace Prince Sirivut, who has resigned.

- H.E. Tol Loah as minister of education, youth affairs, and sports to replace H.E. Ing Huot; and
- H.E. (Hul Savoan) as state secretary of education, youth affairs, and sports to replace H.E. Mom Chimhuy, who has resigned due to health reasons.

Military Court Convicts Suspects on Coup Charges

BK2810103394 Hong Kong AFP in English 0934 GMT 28 Oct 94

[FBIS Transcribed Text] Phnom Penh, Oct 28 (AFP)—A military court Friday convicted nine Thais and two former Cambodian officials of involvement in an abortive coup d'etat in July and handed down sentences against 15 others in absentia. The Thais, who said they had come to Cambodia to get jobs, were given sentences ranging from two to five years, but the sentences were suspended and the nine were expected to leave for home shortly.

The men charged with spearheading the coup, Prince Norodom Chakkrapong and General Sin Song, got 20-year sentences. Both left the country after the coup bid—Prince Chakkrapong through the intervention of his father, King Norodom Sihanouk, and the general by escaping from custody.

Former secretary of state for the interior Sin Sen was given 18 years and former defense department police chief Tea Choy received a three-year suspended sentence. Both testified in court that they had acted under the impression they were preparing operations against the Khmer Rouge guerrillas.

Eight generals tried in absentia, including a special advisor to Sin Song, General Sar Molin, received 15-year sentences.

Five Thais, arrested at the same time as the nine at Phnom Penh airport the morning after the coup bid, but who were released earlier, also received suspended sentences.

"We are happy our people will be going back home today," Thai Ambassador Sakthip Krairoek said.

All defendants had denied involvement. But a key prosecution witness, General Chay Sangyun, told the court he had learned that Thai "special forces" had been tapped to disable power and telephone supplies as the coup bid started. The general, among the first approached ahead of the coup, disclosed the plot to government officials, the court was told. He said the plotters intended to "neutralize" Co-Prime Ministers Prince Norodom Ranariddh and Hun Sen and take over key public buildings and facilities during the night of July 2-3.

A number of weapons, including B40 and M79 rocket-launchers, were displayed in the courtroom with photographs of other materiel, including grenades, walkie-talkies and military uniforms allegedly used in the plot.

About 100 heavily-armed soldiers surrounded the court building inside the Cambodian defense ministry compound when the trial opened, with 305 official guests in attendance.

Thai Prime Minister Chuan Likphai sent a message to Cambodian King Norodom Sihanouk, seen by AFP in Bangkok Friday, thanking him for his efforts to have the nine Thais released. In the message sent Thursday to King Sihanouk, who is undergoing medical treatment in Beijing, Chuan expressed his "profound gratitude" that the king had earlier called for the immediate release of the Thais.

"I am most appreciative and deeply touched by the fact that your majesty had taken a personal interest in seeking the release of the nine Thai nationals so that they can reunite with their families and loved ones," Chuan wrote.

"But whatever the result it may bring, your majesty's kind gesture will always be remembered by the Thai people and will further contribute to the strengthening of bilateral relations and understanding between our two countries and people," Chuan said.

Official Outlines Strategies To Defeat Khmer Rouge

BK2710064394 Phnom Penh CAMBODIA TIMES in English 23-29 Oct 94 p 5

[Report by M.H. Tee and Uk Kimseng]

[FBIS Transcribed Text] Phnom Penh—Modern military armaments being purchased by the Royal Government are not for use against the outlawed Khmer Rouge guerrilla force.

Secretary of State for Defense, Ek Sereivoat, speaking to THE CAMBODIA TIMES, said, "As you are already aware, the Khmer Rouge are a guerrilla force. As such, modern weapons and conventional warfare will not defeat them."

"What will defeat them is rural development, improvement to the quality of life of the people across the nation and the adequate provision of basic needs such as food, shelter, clothings, education and medical facilities."

"These are consistent with the rural development efforts being spearheaded by First Prime Minister Prince Norodom Ranariddh and jointly executed by Second Prime Minister Samdech Hun Sen."

Sereivoat, who estimated the guerrilla strength at about 6,000 members, added that the Royal Government was determined to win the war against the Khmer Rouge.

Military sources said that the plan of action by the Royal Government to be executed by the Royal Cambodian Armed Forces (RCAF), involves weakening the guerrillas and wearing down their resistance.

"The RCAF will be entrusted with defending the territories under Government control, protecting the natural resources and continuing to provide security for the people."

"However, the joint efforts of military action, rural development, diplomatic channels and international pressure will ultimately force the Khmer Rouge to give up their struggle and return to the nation's fold," the sources said.

Sereivoat added that the RCAF has been organizing various seminars and training courses for its military leaders as well as various other efforts to rebuild the morale and performance of the army.

He added that the RCAF was determined to shed its past image of short-term winners and reorganize and regroup to be a more potent but smaller armed forces. Most of the weapons and equipment lost during the two skirmishes at Pailin and Anlung Veng has been recaptured.

"The new equipment will not fall into enemy hands through corrupt elements as they cannot be sold. We are not purchasing rifles but aircraft, armored personnel carriers and refitting ships. These cannot be sold," he said.

The Secretary of State for Defense said that the problem with the Khmer Rouge is that they are radical, not consistent, and will soon be a spent force.

"In the past they were the real liberation force. The conditions and environment now is different. The environment in which the Khmer Rouge could expand and become a real force in this nation is not possible," he said.

As for military operations at Kampot Province where three foreigners are being held captive, he said that the RCAF and the Royal Government is hoping to find a favourable solution soon.

"We are progressing well and are approaching the 'last square meter' of the Khmer Rouge. We have been preparing the ground for several months now and we hope to have a good solution soon for the problems of both the hostages and the Khmer Rouge in the region," said Sereivoat.

Further on Official's Interview

BK2710075094 Phnom Penh CAMBODIA TIMES in English 23-29 Oct 94 p 6

[Report by T. Mohan]

[FBIS Transcribed Text] Phnom Penh—Border issues such as demarcation points, intrusions and other related problems are not up for negotiations.

"The border posts and demarcation points are clear. The international community and most countries respect and accept these points which were drawn up in the maps

before the wars. Since such points are clear and consistent with the sovereignty and territorial integrity of this nation, border issues will not be negotiated."

"What we hope to do is to have discussions with involved parties through border commissions and diplomatic channels," said Ek Sereivoat, Secretary of State for Defense, when speaking to THE CAMBODIA TIMES.

He added that this was the principle of the Royal Government as it was very clear the border is already set.

"If our nation is strong, with a balanced and adequately armed force, and with national reconciliation, we will be able to solve our internal as well as external problems."

"We must be strong internally before we can discuss, from a position of strength, issues such as border intrusions, dispute over natural resources, which have resulted in these border related issues and other external problems," he said.

Sereivoat added, the Kingdom did not have any real enemies of whom it should be worried about.

"We may have many problems with some of our neighbors. These problems however, are small issues which can be resolved over time and through diplomatic channels."

"We are working hard with our neighbors to have a more cordial, sincere, and meaningful relationship. This is the key to peace within the Southeast Asia region in general and the Indo-china region in particular," he elaborated.

The Secretary of State for Defense added that real peace and stability in this nation should start internally. The nation, he said, needs many friends. When the nation has many friends, we can talk, as among friends to solve issues, not through the use of force as this leads nowhere.

As we are a small nation we will benefit more from being friends with other nations. We have a very special and cordial relationship with countries like Malaysia, Indonesia, Singapore, China, Japan, Australia, United States, and France."

These nations have contributed a lot towards the peace process here. Their policies towards our country has been consistent and they have expressed their desire to see us through the peace process here," he said.

Sereivoat added that the nation's military reforms and outfitting the various services with adequate equipment at minimum costs is meant only to ensure its territorial integrity, sovereignty and internal stability, and not for aggression.

Philippines

Ramos Rebuts Sin's Statement on Term Extension

BK2810080194 Quezon City Radio Filipinas in English 0230 GMT 28 Oct 94

[FBIS Transcribed Text] Philippine President Fidel Ramos said Thursday [27 October] his government has

reversed the decline in the Philippine economy, and he will not spoil things by returning to the strongman style of the late Ferdinand Marcos. Manila Archbishop Cardinal Jaime Sin has accused Ramos of plotting to extend his term beyond its 1998 expiration. The Philippine Constitution limits the president to a single six-year term. Ramos was among the leaders of that people power revolution that ousted Marcos and installed Corazon Aquino as president in February 1986.

President Ramos told members of the Foreign Correspondents Association of the Philippines that he still considers the people power revolution as the highest point in his life and that he will not spoil it.

Cardinal Sin has offered little evidence to support his allegation beyond the recent alliance between Ramos's ruling Lakas Party and the second largest party Laban. Sin described the alliance as a threat to democracy because it effectively muted congressional opposition.

President Ramos says the alliance was primarily to build a consensus on development policies. He said the (?forged) political alliance is to ensure that Filipino leaders work as a team to galvanize the country and the people into unified action for economic growth and reform.

President Ramos said the economic take-off during the past two years of his administration is no momentary boom and is anchored on a program of economic liberalization and decartilization, a reference to the break-up of business monopolies under Marcos. He said about 40 regional industrial centers have been established nationwide since he took office in 1992 generating about 1 million jobs.

Ramos Views Role of Banking in Development

*BK2810114094 Quezon City Radio Filipinas in English
0230 GMT 28 Oct 94*

[Speech delivered by President Fidel Ramos during the ceremonial presentation of a \$400 million Eurobond by officials of the Philippine National Bank at Malacanang Palace in Manila; date not given—recorded]

[FBIS Transcribed Text] I am greatly honored by your invitation to this distinguished gathering today, and for this important occasion, which is a turning point in the life of the PNB [Philippine National Bank], in the life of our economy, because of the successful launching of the Global Medium Term Note, or GMTN, which has achieved international success according to our Chief Bartolome [laughter].

Our country's renewed access to the world's voluntary capital markets offers positive proof of the economic turnaround that we are achieving and of the international business community's confidence in our efforts.

The global economy has grown dramatically more complex this past few years with new challenges, new opportunities arising every hour. The global marketplace for

products and capital resources has become much more competitive than ever with old-age restrictions giving way to a new and progressive regime of liberalization.

Those countries and economies which call themselves viable and flexible to adopt to these changes will survive and prosper; those which would insist on staying at home as it were, are doing the same old things the same old way will be fated to stagnation. By the way, that's not the reason why I travel abroad so often [laughter]. I am admittedly the number one salesman for the Philippines, but I am not the number one tourist in the Philippines. Thus, we have sought to build and reinforce a foundation of political stability squarely on the basis of the rule of law and under a democratic framework. We have reviewed and devised our economic policies. We have discarded those that have retarded our growth for quite too long, even at the cost of certain sacrifices and adjustments that we need to make in the short term and we have made many painful steps along the way. But I think we are all unanimous in wishing to enter the 21st century as a modern nation without the baggage of the mistakes of the past, confident of our capabilities and armed with the resources to flex those capabilities fully.

We have a long way to go but the important fact is that we are finally getting there after several years of zigzagging and of sluggish growth. Thus, we value the opinions and assessments of our international bankers with respect to our financial health. For the words of commendation can only and should translate into concrete commitments to our development programs and make the benefits of progress available to the common tao [man] or to the ordinary Filipino. These assessments are just about the most realistic appraisals that we can get of how well we have succeeded or not succeeded and what our prospects are for even greater growth. Therefore I am gratified to know that bankers like PNB Chairman Lacson and PNB President Bartolome have demonstrated their renewed confidence in the Philippine economy for such measures as these \$400 million worth of global medium term notes. And I would like to add my commendations likewise to the members of the PNB board of directors; I would like to add my commendations likewise to the members of the PNB board of directors. [applause] We are really on high-tech here in Malacanang with the use of a repeater system [laughter].

Impressed with that thing, ladies and gentlemen, that the banking community is government's inalienable partner in development progress and in the specifics and tactics of business promotion. For beyond their financial resources, bankers possess the expertise and experience that a developing nation needs to expand and strengthen its industries and to do business with the rest of the world. With their vast resources and specialized knowledge in finance, banks are crucial intermediaries of capital funds which generate more growth, and as our economy expands capital generation and lending will be even more critical functions, particularly in the Philippine countryside and the new growth centers that we

have identified throughout the country. Whatever programs we undertake from now on, we rely heavily on the backbone of infrastructure.

Today, for our country to cope with the growth requirements of the coming century our community development and nation-building efforts should be focused on the development of our infrastructure system. To fill this need banks must therefore be active in financing infrastructure projects which, by your own account, requires tremendous amounts of capital to be poured into long-gestating projects; and this being the case, financial institutions should gradually veer away from passive types of investments, instead channel capital directly not only to the productive sectors but also to projects producing electricity, building roads and bridges, and putting up communications systems.

I must also congratulate the PNB for including in its credit program increased participation in the country's infrastructure development efforts, especially those that come under the BOT, or build, operate, and transfer scheme, as well as all the other combinations now possible in our expanded BOT law. And I am also gratified to hear of its plan to allocate the proceeds of credit that it has obtained in the capital market under the GMTN program towards the financing of such infrastructure programs.

To our foreign friends Philippine politics may look like a carnival, but its stakes are real. Our democracy is now (?shining). It is a working democracy that has achieved real socio-economic gains and it has firmly addressed the fundamental questions of direction and policy, especially those that concern the economy and social reform. As it happened, our economy today is in the best shape in nearly three decades and we are confident now that we will not only achieve higher growth rates in coming years but sustain growth up to the end of the century and beyond.

I will not bother you with the same statistics that I have been telling foreign dignitaries and trade missions this past few months about GNP, etc. because you are more familiar with those than I am, but if you don't have the data we will issue you an investment portfolio from the Office of the President [laughter]. But allow me to direct your attention to the salient aspects about what is happening in the economy. First, the growth of jobs and, secondly, the dispersal of economic activity, for this will answer the familiar query whether we are just indulging in trickle down economics. The portrait is that the new investments and new enterprises are generating new jobs at the same time that existing factories, in reaching full capacity are also hiring more people. The salient point about the economy is that there is a substantial decentralization of economic activity among our 15 administrative regions in the Philippines.

The other day I was delighted to read in several of our newspapers a report about how new businesses registered with the Department of Trade and Industry rose by some

16.4 percent compared to that same period last year. What was more encouraging was to learn that northern Mindanao, or Region X, registered the highest growth with a 75 percent increase. The Bicol region, perennially known to be among the most poverty-stricken region in our country registered a 50 percent increase and west Visayas Region VI showed a 40 percent increase. By the way that's the region of Ocampo and Lacson.

Significantly, while Metro Manila continues to be a favorite place in which to conduct business, there is equal interest today in our other regions. When we combine these happenings with the fact that our industrial estates, special economic and export processing zones, and growth centers and growth corridors—40 of them throughout our vast archipelago—which by design are distributed evenly in Luzon, Visayas, and Mindanao, you will get a clearer picture of our strategic development plan for 1993, for 1998, and beyond. That plan we call Philippines 2000. That plan is also Citibank 2000, Debbie Morgan 2000, and Solomon Brothers 2000.

Without question, what we have achieved is only a start and there are still many pitfalls on the road to socio-economic development. We know that growth can generate serious problems of inflation as in China, of strong local exchange such as in the Philippines, and we know that liberalization as with GATT can seriously affect some sectors of the economy. But we are confident that we can make the proper adjustments even as the economy moves into vigorous and sustained growth.

Many of you who are our foreign friends, even those who are sympathetic, are still perhaps wary of reporting about new developments and brighter prospects of the Philippines for fear that we might again spoil it all overnight and go back to the same [words indistinct], fractious, and unpredictable country that we have been in the past. Boom-and-bust after all has happened in this country before. My only reply to this is this: Examine carefully what is happening now; consider the nature of the reforms we have undertaken and contemplate how the present growth is being driven by investments and exports, liberalization and decartelizing.

Our take-off I say to all is for real. This is no momentary boom induced by favorable trends in the world economy; this is rather rooted in what we are doing here at home in the Philippines. This is Philippine-made with the support of some foreign content. We used to worry about how much is the local content. Well, now let us say that the local content is there in great quantities with some additions from foreign content. And so what we are working for is not just momentary gains, neither just instant gratification, not even political mileage, for we are all here, we are in this for the long haul and no abuse and heckling from our critics can deter us from our cause.

I say this with great confidence because the levers of control in our modernization process are no longer entirely in the hands of the politicians like me and some

others. No, ladies and gentlemen, our economic affairs are now more in the hands of businessmen, bankers, community leaders, risk taking entrepreneurs, and, above all, our people where the market economy is free to do its thing. According to fair rules it will thrive and survive in spite of politicians.

And so in closing with all of these measures, with all of these significant and substantial developments, we believe that what will happen is a healthy, active, and progressive financial sector, cognizant of its role not only in engendering your business but also in enabling the Philippines to become a more just, a more prosperous and a more peaceful society prepared to meet the challenges of the coming century.... [recording ends in progress]

Cease-Fire With MNLF Reportedly Holding

BK2610123294 Manila PHILIPPINE DAILY INQUIRER in English 22 Oct 94 pp 1, 4

[FBIS Transcribed Text] Officials yesterday said the government cease fire with the Moro National Liberation Front [MNLF] "continues to hold" even as a band of alleged renegade rebels continued to sow terror in villages in North Cotabato.

Batangas Rep. Eduardo Ermita, a member of the government peace process panel, brushed aside reports that the Nur Misuari-led MNLF might be drawn into the conflict between the military and former members of the Moro Islamic Liberation Front (MILF).

Ermita's observation was echoed by Philippine National Police [PNP] Director Recaredo Sarmiento II and Deputy Director Agerico Kagaoan who said the military operations in Mindanao were directed against criminal elements and not the MNLF or the MILF.

In North Cotabato, however, MILF spokesman Ghadzali Jaafar warned that his group will continue to "sow havoc" in the area unless government stopped its military operations against them.

Reports said MILF rebels stormed the villages of Lower Migading and San Mateo in Aleosan town yesterday and fired their guns on the house of a certain Romeo Matias.

The raiders also attacked the nearby Barangay [Village] Malapang and fired their guns indiscriminately. No casualty was reported in the latest MILF assaults.

Officials in the PNP headquarters in Camp Crame could not say if members of the rebel band that attacked several villages in North Cotabato were active MILF members or renegade rebels.

The military explained that the sudden burst of rebel activity during the week followed an attack by a combined police and military force against rebel units who occupied a P [Philippine pesos] 1.7- billion irrigation project managed by South Korea's Samsung Corp. in Carmen, North Cotabato.

Since the military action, 18 persons, including a 3-year-old boy, have been killed while more than 2,000 persons have fled their homes in four villages near the construction site, reports said.

In Kabacan town alone, the Department of Social Welfare and Development (DSWD) reported that 204 families have fled their homes.

Mayor Roger Talino of Carmen town reported that more than 100 head of cattle were seized by armed men in Barangays Tonganon and Tupig Tuesday.

In Camp Crame, Kagaoan clarified that the military has not initiated an offensive against the MILF in Sultan Kudarat.

He said police were hunting a criminal group believed responsible for a series of kidnapping incidents in the area.

A report earlier sent to Camp Crame said that military and police forces in the area have been placed on "full-combat alert" after members of the "bandit group" retreated into an MNLF camp in Baton, Lagandang, Isulan, Sultan Kudarat.

The report, made by the Assistant Director for Operations, Supt. Rolando Noveno, revealed that military forces in Central Mindanao expected the MNLF to launch diversionary attacks in different places to divert government attention from the MNLF camp in Sultan Kudarat.

Noveno said that an MNLF official asked that the wounded "bandits" be evacuated from the place, a request government representatives refused.

Indonesian Mission Reports Positive Findings

BK2710053394 Quezon City Radio Filipinas in English 0230 GMT 27 Oct 94

[FBIS Transcribed Text] Indonesian military observers said the cease-fire in southern Mindanao is holding well. The three-man mission had visited the provinces of Maguindanao, Sultan Kudarat, Basilan, Jolo and the cities of Cotabato, General Santos, Marawi, Davao and Dipolog. The mission described the relationship between Christians and Muslims in those areas as harmonious. The mission was arranged by the Organization of Islamic Conference.

Thailand

All Coup Suspects in Cambodia To Be Released

BK2810114494 Bangkok Voice of Free Asia in Thai 1030 GMT 28 Oct 94

[FBIS Translated Excerpt] [Passage omitted] At 0800 today, the Cambodian military court read its verdict on the Thai coup suspects being held in Cambodia. The following have been given five year suspended sentences:

Somsak Suratnanan, Anuchit Phungphonphum, and Prathuang Phonyiam. All three were employees of Hitech Antenna. Those given three year suspended sentences include: Amnuai Nimnuan, Narongchai Tantawanit, Sakhon Chatsuk, Adisak Yutthamongkhon, Aram Khomklot, and Phongsak Phuklakhaeng. Those given two year suspended sentence are: Amnat Kaeokankhun, Sarot Khunkaeo, Arun Phukham, Prayat Phuthong, and Buala Prathum. These five had been released earlier, on 19 August.

Prince Norodom Chakkrapong and General Sin Song were given 20 year sentences. Gen. Sin Sen and Gen. Tea Choy were given three year suspended sentences.

The nine Thais have been given permission to return to Thailand today. They are scheduled to board a Thai Airways International flight and arrive in Bangkok at about 1805. The Thai ambassador to Phnom Penh will accompany them to Bangkok.

Supreme Commander on Leaflets, Troops for Haiti

*BK2710091194 Bangkok BANGKOK POST in English
27 Oct 94 p 3*

[FBIS Transcribed Text] Supreme Commander Watthanachai Wutthisiri wants more intelligence cooperation between the police and the armed forces to track down distributors of leaflets criticising one of the nation's highest institutions.

Supreme Command spokesman Kraichit Sirisombat said Gen Watthanachai made the call yesterday during the monthly meeting of key armed forces officers at navy headquarters.

"The armed forces and police intelligence units have to work more closely as the intelligence information will be used to analyse the situation," said Vice-Adm Kraichit, who has just been appointed commander of the Supreme Command's information centre. He said that senior staff of the Supreme Command would be assigned to map out details for such cooperation in future.

Vice-Adm Kraichit said Gen Watthanachai had voiced concern during the meeting over the distribution of leaflets which made allegations against a member of one of the country's highest institutions.

"Gen Watthanachai wants to find the source of the leaflets and their distributors since it is an improper act," Vice-Adm Kraichit said.

Armed Forces Chief-of-Staff Pramon Phalasin, Navy Commander Adm Prachet Siridet, Air Force Commander ACM [Air Chief Marshal] M.R. Siriphong Thongyai and Police Chief Pol Gen Phot Bunyachinda took part in the meeting. Army Assistant Commander Gen Chetha Thanacharo represented Army Commander Gen Wimon Wongwanit during the meeting.

Vice-Adm Kraichit also said the United Nations' request for Thai participation in the peace-keeping force in Haiti was raised for discussion among top military officers at the meeting.

Vice-Adm Kraichit said the study pointed out shortcomings by saying that Thailand might be considered a "close follower" of the US if Thai soldiers were sent to Haiti.

"Another shortcoming is that the situation in Haiti is still unclear and the country is quite far from Thailand which might pose problems of logistics."

He said there was no doubt that if Thailand agreed to send its security forces for peace missions in Haiti it would strengthen understanding with the US and help display the Thai commitment to the UN. However, Vice-Adm Kraichit said the meeting yesterday did not make any decision on the issue, noting that the Government would soon make its final judgment after it got an official request from the UN.

Government Denies Lying on Freedom for Media

*BK2710045594 Bangkok THE NATION in English
27 Oct 94 p A3*

[FBIS Transcribed Text] Directive No 14 was issued by the government as a transition until new regulations of radio and television stations are drawn up, said government spokesman Aphisit Wetchachiwa yesterday, defending the government's stand on radio freedom.

Aphisit denied the government had lied to the public by promising broader media freedom with the abolition of two coup orders. Senators opposing the abolition of the orders exposed the "secret" Directive 14 on Tuesday to back claims that the government was not sincere.

Aphisit said that the directive from the PM's Office was to maintain only the essence of the two coup orders before the House of Representatives passed a bill to scrap them.

He said the National Radio and Television Broadcasting Committee (NRTBC) was drawing up new regulations, and Deputy Prime Minister Banyat Banthathan, the committee chairman, had instructed committee members not to maintain the essence of Decrees No 15 and No 17.

The two decrees were issued by the National Reform Committee in 1976 largely to fight communism. Decree No 17 sets certain conditions to control television broadcasting, while the other order requires radio stations to relay news from the Public Relations Department.

Aphisit said NRTBC was considering three guidelines for radio and television broadcasting. The new regulations may order radio stations to broadcast news from the Public Relations Department twice a day, in the morning and in the evening, he said.

At present, radio stations are required to relay news from state-controlled Radio Thailand four times a day—from 7 am to 8 am, 12.30 pm to 1 pm, 7 pm to 7.30 pm and 8 pm to 8.30 pm.

Under the new regulations, radio stations may be required to broadcast factual news only. Without a news analysis, for a certain period. Any radio stations which can produce news for broadcasting may be allowed to broadcast their material, Aphisit said, adding that radio stations may be ordered to broadcast only news headlines from the Public Relations Department.

The bill to abolish the two coup orders was approved by the House early this month, and the Senate has set up a special committee to study the bill.

On Monday, Senator Phunsak Wannaphong, a panel member, accused the government of having lied to the public and said the Senate would no longer object to the bill's passage now that the coup orders' contents have been disguised under Directive No 14.

Aphisit said the directive, issued on Sep 13, was aimed at controlling the media during the time the new regulations are being made. He claimed that the new directive could be abolished easily once the bill was approved by the Senate.

"There is nothing to worry about. Although the directive has the same contents as Decrees No 15 and 17, it is easy to change. It can be abolished within a day or a week," Aphisit said.

He admitted that certain government members want radio stations to continue relaying Public Relations Department news and news about the Royal Institution.

MP Newin Chitchop (Chat Thai-Buri Ram) said that although the government wants to promote democracy, it has acted like a dictator.

"If the government wants to give freedom to the media, it should not issue that directive. Otherwise, it's a waste of time to abolish the coup orders," Newin said.

He said the government bullied the people by "secretly" issuing the directive, and that the government should issue all directives publicly.

Prachakon Thai leader Samak Suntharawet said he would consult opposition leaders on how to attack the government on this big issue.

Nation Seen as Regional Petroleum Leader

BK2710052094 Bangkok BANGKOK POST in English 27 Oct 94 p 19

[FBIS Transcribed Text] Thailand could overtake Singapore as a regional leader in petroleum and petrochemical-related industries in the next decade, says the chairman of the partly-state-owned National Petrochemical Plc (NPC).

Dr Sippanon Ketthat said the country had strong potential to develop petrochemical industries that could outgrow those of Singapore, whose industry is now larger than Thailand's. Likewise, with its strong growth in energy demand and large market base, Thailand would also require an additional refinery, with crude distillation capacity of over 200,000 barrels per day, every seven or eight years, said Dr Sippanon, who is also chairman of the Petroleum Authority of Thailand (PTT).

He made the comments after opening Thailand's first chemical and refining plant maintenance conference yesterday at the Bangkok Convention Centre.

Thailand, spurred by 12-13% annual growth in petrochemical product demand would need to build a new petrochemical complex every six years. NPC president Kamonchai Phattharodom added that Thailand's petrochemical industries would expand to double or triple their current size.

Aside from meeting increasing domestic demand, the expanding petrochemical plants also possess the potential to export output to southern China and Indochina, Dr Sippanon said. With high tariff protection on petrochemical products being dismantled over the next 10 years in line with the ASEAN Free Trade Area, Thai petrochemical industries will be adjusting themselves to become more competitive. By 2000-2005, Thailand will need an additional oil refinery which PTT is ready to lead. The project will be located in the South as part of Thailand's Southern Seaboard Development plan.

According to Dr Sippanon, Japanese firms have expressed interest in co-investing in the refinery project.

Vietnam

VNA Reports End of PRC Border Talks Session

BK2710153694 Hanoi VNA in English 1501 GMT 27 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct.27—The third session of the joint working team on Sino-Vietnamese land border was convened here from Oct.22-27, whose minutes were signed on Oct. 26.

The talks took place in an atmosphere of friendship, sincerity, frankness and mutual understanding.

The two sides agreed to hold the fourth meeting in Beijing in January 1995.

Phan Van Khai Views Cooperation With PRC

BK2810063794 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 1 Oct 94 pp 1, 3

[Interview with Deputy Prime Minister Phan Van Khai by SAIGON GIAI PHONG correspondent at Hanoi's Noi Bai International Airport on 29 September]

[FBIS Translated Text] [Correspondent] Mr. Deputy Prime Minister, please tell us about the objectives of your visit to China?

[Phan Van Khai] My visit to China had two objectives: First, to promote trade relations and investment between the two countries and to ask the Chinese Government to provide Vietnam with loans to develop assistance projects granted to Vietnam in the past. Second, to learn from China's 15-year experience in implementing reform and open-door policies so as to apply them to our renovation process.

During my meetings with Chinese leaders such as Prime Minister Li Peng and Deputy Prime Minister in Charge of Economics Zhu Rongji, we agreed to accelerate bilateral and especially economic relations.

[Correspondent] What is your comment on the fact that in the past, though there were exchanges of visits by leaders of branches and sectors of the two countries, bilateral trade and economic relations remain at a low level?

[Phan Van Khai] It can be said that with the current two-way trade turnover of \$500 million, trade and economic ties are not on par with the potential and aims of the two nations. There are many favorable economic attributes in both countries that can be exploited to support each other. Therefore, in the days ahead we should formulate measures to accelerate cooperation. Vietnam has goods such as rice, coal, rubber, crude oil, agricultural and maritime products, and minerals that can be exported to China, while we can import items such as chemical products, equipment, machines, and raw materials from China.

Worthy of note is that there are many kinds of good-quality Chinese items, thanks to its joint ventures with foreign countries. Besides, Chinese machinery and equipment are relatively cheaper than those of other countries. Under present conditions, we can make use of various machinery and equipment produced by China effectively.

[Correspondent] Did Vietnam and China reach any agreement at all to resolve difficulties and accelerate bilateral economic and trade relations?

[Phan Van Khai] More than 20 treaties and cooperation agreements on various areas have been signed earlier. During this visit, Deputy Trade Minister Mai Van Dan reached an agreement with the Chinese Economics and Trade Ministry to formulate measures to increase trade. We made a proposal to set up a joint committee to speed up the implementation of agreements reached by the two governments, while striving to formulate measures to promote large-scale export-import activities and to encourage Chinese investment in Vietnam. Both sides also expressed the desire to develop cooperative ties at the provincial level.

We also assured the Chinese side that we are ready to help Chinese companies at the central and provincial levels on the transit of goods through Vietnam.

[Correspondent] Mr. Deputy Prime Minister, at present China ranks 30th among foreign investors in Vietnam with 22 projects worth about \$16 million. What is your comment in this regard?

[Phan Van Khai] In the past, China invested in Vietnam using Hong Kong companies as intermediaries. Moreover, the two countries had just normalized ties, and therefore they lacked knowledge of the markets of own countries. In the past, China faced difficulties in investing in foreign countries. Recently, it set up a foreign trade bank to promote investments in foreign nations, including Vietnam, which is China's priority. As a result, Vietnam will promptly consider various direct investment projects from China and will formulate a policy to encourage them.

We note that China has satisfactorily developed areas such as electronics, garment-making, hotels, and many other services.

[Correspondent] Did the two sides discuss anything about border trade?

[Phan Van Khai] Previously, border trade made through the official export-import channel was not much. However, the governments and leaders of the two Chinese provinces bordering Vietnam namely Guangdong and Guangxi have unanimously agreed that big companies of both countries should meet to discuss and sign large-scale and long-term contracts on export-import activities, for the development of official border trade.

[Correspondent] Many Chinese assistance projects in Vietnam have now elapsed and are in need of reform and upgrading. What are your comments?

[Phan Van Khai] During my visit, Chinese Deputy Prime Minister Zhu Rongji announced that China will provide Vietnam with a \$170-million loan to upgrade and improve the Thai Nguyen iron and steel plant and a number of chemical and textile factories built with Chinese assistance. Moreover, we will soon use China's 80-million yuan loan to enlarge the Ha Bac fertilizer factory, the 8 March textile mill, and a number of state water supply projects and hydroelectric power stations in the provinces of the mountainous region.

In the past, China helped us to build more than 300 factories. Now, it will only provide help to renovate and upgrade those factories that can produce goods for sale and those with development potential.

[Correspondent] Mr. Deputy Prime Minister, did the visit lead to the signing of any agreements at all?

[Phan Van Khai] The visit did not lead to the signing of any agreements but it laid the groundwork for such agreements in the future and particularly during the upcoming visit to our country by Jiang Zemin, General

Secretary of the Chinese Communist Party and President of the People's Republic of China.

[Correspondent] Mr. Deputy Prime Minister, is it correct to say that one of the important objectives of the visit was to learn from the experiences that China has gained from the implementation of its open-door policy?

[Phan Van Khai] China's open-door policy has been implemented for 15 years now and in our opinion, it has succeeded in shifting from an economy based on the system of bureaucratic centralism and state subsidy to a market-oriented economy, which it also calls the socialist market-oriented economy.

So far, China has developed its economy at a very quick pace and has boldly opened its doors to do business with the outside world. Over the past 15 years, China's average economic growth rate has remained at 9 percent a year and over the past few years, it has reached 13 percent a year. In 1993, the economic growth rate of Guangxi and a number of Chinese provinces near our country's border reached 21.2 percent. Despite recent heavy flash floods, it is expected that the national economic growth rate will reach 16 or 17 percent this year.

[Correspondent] What are the measures that China has adopted to attain that growth rate?

[Phan Van Khai] It is China's top priority to concentrate on economic growth. All echelons and sectors have devoted efforts to developing the work force, considering this move as an important objective. At the same time, they have sought ways to improve the people's living conditions. China has also adopted bold tax and land policies...and has granted the local governments a certain number of rights to take the initiative in handling their affairs. China has also worked out many good economic development methods. As examples, one can cite the establishment of many special economic zones and open-door cities in the coastal areas.... In the countryside, China has applied the village and small town enterprise development method aimed at making use of the idle local work force to process or produce goods under subcontracts with foreign countries.... Many village and small town enterprises have also entered into joint ventures with foreign countries or have allowed foreign nationals to have a 100-percent investment capital. Many village and district enterprises have also turned out high-grade export products such as electronic equipment, television sets, and refrigerators. Therefore, many localities in China have posted high export turn-overs. For instance, it is expected that the export turnover of Guangdong Province will reach 40 billion U.S. dollars this year.

[Correspondent] China has made it known that it has shifted to the socialist market-oriented economy. Mr. Deputy Prime Minister, has China adopted any measures to firmly maintain its socialist orientations?

[Phan Van Khai] We also asked the Chinese leaders the same question and they maintained that because the ownership right of the state (China also uses the term political regime to refer to the state) is the most important factor, the state economy must assume a leading role in the national economy. Besides the principle of giving the state and collectives a prevailing ownership right, China has adopted vigorous measures to bring into play the potential of other economic sectors like the private economy, individual economy, and share-holding corporations.... China's greatest experience has been drawn from its efforts to give the state sector a leading role in the overall economy while at the same time trying by all means to bring into full play the potential of other economic sectors.

[Correspondent] Mr. Deputy Prime Minister, what are the difficulties that China is experiencing from the application of its open-door policy?

[Phan Van Khai] China is encountering a number of difficulties now. The concentrated economic development efforts in a number of regions, particularly coastal areas, have created a gap in the people's living conditions. China is making efforts to overcome this situation by applying the open-door policy to all localities and by adopting incentive policies toward localities that encounter difficulties such as like mountain regions and remote areas where the local economies develop slowly. Thanks to the afore-mentioned incentive policies, a number of remote regions has begun to bring about improvements. For instance, China's northwesternmost mountain province of Shaanxi has attracted as many as 1,000 foreign investment projects.

[Correspondent] Has China's fast economic growth led to difficulties?

[Phan Van Khai] Fast growth rate and large-scale investment in China's "overheating" economy have led to a 28-percent inflation rate in 1993. The inflation rate in the first six months of this year also stood at 20 percent. Though this growth rate is not too high, China has adopted measures to adjust the pace of economic development. However, it is unable to bring the inflation rate down to 10 percent because this will affect economic growth. Given the current pace of economic development and scale of investment, China believes that steps must be taken to ensure a healthy economic growth rate. First of all, it is necessary to bring the inflation rate down to less than 20 percent a year. Next, it is important to keep that rate at more or less than 10 percent a year. This constitutes China's current macro-management guiding principle.

As far as Vietnam is concerned, it is unlikely that we will have an "overheated" economy because our current economic growth rate is not very high yet, and the volume of both domestic and foreign investment is not very substantial yet.

[Correspondent] Thank you, Mr. Deputy Prime Minister.

Document on Japan's War Responsibility Acquired*OW2710131494 Tokyo KYODO in English 1218 GMT 27 Oct 94*

[FBIS Transcribed Text] Hanoi, Oct. 27 KYODO—Vietnam may pursue the issue of Japan's responsibility for the wartime deaths of "millions" of Vietnamese in an unprecedented 1945 famine, judging from a recent Vietnamese Government document.

The document, a copy of which was obtained by KYODO NEWS SERVICE, was compiled earlier this month by the Ministry of Labor, War Invalids and Social Welfare upon instructions from the president's office.

The ministry was asked to undertake the first comprehensive survey of the number of lives lost to starvation in the northern part of the country as a result of the Japanese requisitioning of food supplies and actions in 1945.

The document said that data to be acquired from sources throughout the country "will serve as evidence of the crimes of Japanese troops against the Vietnamese."

It cited losses of lives, property and resources as a result of the "robber-like" policies pursued by the heavy-handed Japanese military during its five-year presence in Vietnam.

Millions of people starved to a terrible death," the document said, adding that further investigation must be done to confirm the accuracy of the widely quoted death toll figure of 2 million.

"Besides the famine, Japanese troops also killed many innocent and patriotic Vietnamese during their occupation," it said.

The document noted that when the war ended, Japan owed significant debts in trade with Vietnam.

It also suggested Japanese responsibility for other "debts to the Vietnamese people," namely money extracted from the population by Vichy French colonial authorities and appropriated by Japan to finance its military activities, feed its troops and build military facilities.

"Recently, a number of countries in the world, especially in Asia, voiced their demand that Japan must not only apologize for the Japanese troops' brutality during World War II, but also make material compensation for the spiritual and physical sufferings of the peoples in the countries that Japan occupied," it said.

The results of the survey, the document said, would be used "to educate the following generations on the pain of losing the country and on the pricelessness of independence and freedom."

"They will also be used to serve the external work of the party and the state," it said.

In August 1993, then Prime Minister Morihiro Hosokawa's public acknowledgement of Japanese war responsibility elicited a message of welcome from the Vietnamese Foreign Ministry.

But the message said Vietnam had no intention at the time of demanding compensation.

The document said the survey will be conducted in 12 provinces and cities with 19,865 million dong allocated for the task.

Vo Van Kiet Receives Japanese Economic Group*BK2710154294 Hanoi VNA in English 1525 GMT 27 Oct 94*

[FBIS Transcribed Text] Hanoi VNA Oct. 27—Prime Minister Vo Van Kiet received here this afternoon a high level mission on economic and technical cooperation of Japan, headed by Mr A. Kiuchi, advisor to Japanese premier, who is now on a visit to Vietnam.

The Japanese delegation arrived in Ho Chi Minh City on Oct. 23 for a week-long official visit to Vietnam.

At the reception, P.M. Kiet highly valued the results of the bilateral relations his visit, describing it as a further step of development following Japanese Prime Minister Murayama's recent official visit to Vietnam. [sentence as received] He noted with pleasure that the two governments are highly unanimous on the consolidation and promotion of the Vietnam-Japan cooperation. However, he drew attention to the fact that Japan ranks first among regional donor countries but seventh among regional investors. P.M. Kiet, on this occasion, expressed thanks to the Japanese Government for its financial assistance and active contributions to helping Vietnam improve relations with international financial institutions. He hoped that the visit would help further develop the two countries friendly and cooperative ties, and that Vietnam would receive from the Japanese Government more and more assistance in technology, managerial experience and expertise in cooperation and investment.

Mr. A. Kiuchi informed the Vietnamese p.m. of the Japanese Government's commitment to continue its aid to Vietnam and increase investment in Vietnam. He expressed his belief that the cooperation between the two countries would develop well in conformity with the interest of each country and the trend of peace, stability and development in the region.

Earlier, the Japanese mission had working sessions with the State Planning Committee and other relevant agencies of Vietnam, and made tours of economic and cultural establishments in Ho Chi Minh City and Hai Hung Province. Wherever it came, the mission studied Vietnam's economy, Vietnam's policies on the use of Official Development Aid (ODA) and socio-economic projects which use ODA of Japan.

Vo Van Kiet Receives Indian Communist Leader

*BK2710160494 Hanoi VNA in English 1535 GMT
27 Oct 94*

[FBIS Transcribed Text] Hanoi VNA Oct. 27—General Secretary of the Indian Communist Party (Marxist) Harkishan Singh Surjeet arrived in Hanoi today, beginning his official visit to Vietnam at the invitation of the Communist Party of Vietnam Central Committee (CPV CC).

The Indian delegation was greeted by Dao Duy Tung, Politburo member and secretary of the CPV CC and Hong Ha, secretary and head of the External Relations Commission of the CPV CC.

Talks were held here this afternoon between CPV CC General Secretary Do Muoi and General Secretary Harkishan Singh Surjeet. The Indian party leader greeted the Vietnamese party and people for their achievements in the renovation process, and wished for the promotion of the fine relations between the two parties and people for peace and happiness of the two nations.

For his part, General Secretary Muoi expressed his thanks for the fine feeling and valuable support of the Indian people and Communists to the Vietnamese people in the past anti-U.S war and the cause of national construction and defence at present.

He renewed the Vietnamese Communist Party and people's determination to foster their close friendship with the party and people of India.

The talks took place in an atmosphere of sincerity and fraternity.

Do Muoi Receives Former French Premier Rocard

*BK2710153794 Hanoi VNA in English 1503 GMT
27 Oct 94*

[FBIS Transcribed Text] Hanoi VNA Oct. 27—General Secretary of the Communist Party of Vietnam Central Committee Do Muoi received here this afternoon former French Premier Michel Rocard who was described by the party chief as a close friend, a supporter to the struggle for independence and national construction of the Vietnamese people.

The party general secretary expressed Vietnam's wish to continue promoting and expanding the multi-sided cooperation with France and other member countries in the European Union.

For his part, Michel Rocard spoke highly of Vietnam's achievements recorded in recent years and reaffirmed his aspiration to continue with his positive support to Vietnam and contributions to promoting the friendship and cooperative relations between France, and the European Union in general, and Vietnam.

Nguyen Manh Cam Visit to European Union Viewed

*BK2710141094 Hanoi Voice of Vietnam in English
1000 GMT 27 Oct 94*

[FBIS Transcribed Text] Vietnamese Foreign Minister Nguyen Manh Cam had visited Belgium and the European Union. Here is our review.

In recent years since the lifting of U.S. embargo against Vietnam, relations between Vietnam and eight European Union member countries have further developed. Following his visit to Switzerland, Foreign Minister Nguyen Manh Cam visited Belgium and the European Union from 24 to 25 October. In Belgium, Minister Cam met with Prince Philippe and discussed the prince's coming visit to Vietnam. He also held talks with his Belgium counterpart and met with Minister of Trade Robert Urbain and Secretary of State for Cooperation and Development Eric Perycke. Belgium affirmed its determination through recent meetings to promote cooperative relations with Vietnam, considering Vietnam a key country in Belgium cooperation program. The two sides expressed satisfaction at the development of the cooperative relations in the recent past, especially since Prime Minister Vo Van Kiet visited Belgium last July. Last September, Belgium signed an agreement on the settlement of Vietnam's arrears worth 20 million U.S. dollars. Belgium is now the fifth biggest exporter to Vietnam among European Union members, with a turnover of 13.5 million U.S. dollars. The Belgium Government has also assisted Vietnam in public health, education, environment, mineral ore exploration and exploitation, and personnel training. It has also helped Vietnam in improving the latter's relations with international financial institutions. During Mr. Cam's visit, Vietnam and Belgium committed to implement the three-year cooperation program on energy, transport, public health, education, science, agriculture, and improvement of economic management.

Meanwhile, relations between Vietnam and the European Union continued to strengthen since they established diplomatic relations in November 1990. European Union has granted Vietnam humanitarian aid worth 110 million U.S. dollars. Since the end of 1990, exchanges of visits have been made between both sides. In July 1993, Prime Minister Vo Van Kiet visited the European Union, and in July this year, Mr. Vans Den Brook, member of the European Union in charge of external affairs, visited Vietnam. The European Union has helped Vietnam in a program of reintegration of repatriates with funds of 23 million U.S. dollars in 1991, and 32 million U.S. dollars in 1993. Two-way trade turnover in 1992 was 529 million U.S. dollars, and this year the figure will be higher.

During his visit, Foreign Minister Nguyen Manh Cam met with Mr. Manuel Marin, vice president of the European Union in charge of development and cooperation, and Mr. Hans Van Den Brook. They both hailed

Vietnam's development and highly valued its important role and effective contribution to peace, stability, and cooperation in the region. They also welcomed Vietnam admission to ASEAN, and integration into international community. Both sides were pleased with the program of reintegration and technical assistance. They also discussed ways of accelerating the signing of a framework agreement on economic and trade cooperation between Vietnam and the European Union. The European Union leaders affirmed that their organization always attaches importance to relations with Vietnam and will soon open a representative office in Hanoi.

Economic Ties With CIS, E. Europe Promoted

BK2710091794 Hanoi VNA in English 0737 GMT 27 Oct 94

[FBIS Transcribed Text] Hanoi VNA Oct. 27—A seminar entitled 'Vietnam-Eastern Europe economic relation' was held here yesterday by the Research Center for the Commonwealth of Independent States (CIS) and Eastern Europe in collaboration with the international relations institute.

The seminar was attended by representatives of many relevant Vietnamese agencies and the embassies of Russia, Poland, Hungary, Bulgaria and Yugoslavia.

At the seminar, the participants exchanged views on the prospect and the promotion of economic cooperation between Vietnam and the CIS and East European countries.

The seminar focussed on economic activities of Vietnamese entrepreneurs in the Russian federation, the Eastern Europe's prospect for direct investment in Vietnam. It also introduced to the participants economic models of other countries in the world and the roles of China, America, Japan toward Vietnam's economic relations with CIS and Eastern Europe.

World Bank Gives Government \$150 Million Loan

BK2710154694 Hanoi Voice of Vietnam in English 1000 GMT 27 Oct 94

[FBIS Transcribed Text] The World Bank is providing a soft loan of 150 million U.S. dollars to help finance further structural adjustment in Vietnam. The loan agreement was officially approved in Washington, underlining the World Bank's approval of Vietnam economic [word indistinct]. The loan is to finance four projects involving the modernization of the banking system, irrigation, energy, and structural adjustment.

According to Mr. (David Dollar), architect of the structural adjustment credit, the process of renovation in Vietnam is helping reduce poverty. The soft loan is to support economy, as Vietnam undertakes more demanding and complex elements in the transition to a market economy.

Further on National Assembly Proceedings

Socioeconomic Issues Discussed

BK2810082394 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 26 Oct 94

[Report by Huy Toan]

[FBIS Summary] "Dear Friends: Almost all deputies emphasized the significance of the achievements recorded in 1994. However, they held that these achievements are not secure and that we need to review projected targets for food production, budget revenue, import and export, and damage caused by national calamities in 1994.

"Regarding duties in 1995, they all agreed on the six major issues presented in the government report. Nevertheless, they were still worried about the budget balance. On this issue, Deputy Le Thanh Binh from Soc Trang Province said:"

[Begin Le Thanh Binh recording] There will be more pressure on the 1995 state budget. We will have to increase government spending to relieve the hardships caused by the natural calamities in 1994 and pay for the UN aid projects in cash. [end recording]

On the same subject, Deputy Truong Thi Khue in Quang Tri held that to raise revenue, we needed to seek more foreign loans and encourage more domestic investment.

Many deputies spoke on industrial output, small industrial and handicrafts production, and business activities. Deputy To Thi Thanh in Binh Dinh Province suggested that in 1995, we should allocate more money for capital and infrastructure projects because many were delayed in 1994 due to poor funding.

On industrial production, some deputies said that the progress of a share-holding system in state enterprises introduced by the government two years ago has been slow. They held that a steering committee to oversee the implementation of the program at central and local levels should be established.

To evaluate industrial output in different localities, Deputy Phan Lam Phuong of Quang Binh Province said:

[Begin Phan Lam Phuong recording] The government has not been able to strictly control all business operations, revenue, and expenses of state grass roots enterprises. This leads to severe loss of public property. Moreover, our savings are still low, and our spending is exceeding our income.

Regarding the 1995 socioeconomic development plan, we agree with the projected development rate of between 9 to 10 percent. However, to achieve this, we must reconsider our funding for development investment and our credit sources for investment in domestic production. [end recording]

Besides the aforementioned issues, many deputies also spoke about economic and cultural development issues in mountainous areas, areas inhabited by ethnic minorities, highlands, and remote areas. Deputy Hoang Thua in Ha Giang held that to eradicate illiteracy among ethnic minorities, we should strive to set up a primary school in each hamlet in 1995. Deputy Nguyen Thanh Cao also suggested measures to improve illiteracy eradication work. To improve social welfare work in mountainous areas, Deputy Ly Ly Pha in Lai Chau said:

[Begin Ly Ly Pha recording] I suggest we adopt policies to encourage cadres to work in mountainous and isolated areas and increase government spending in these areas. [end recording]

During the proceedings, many people were of the view that the results of the program to reforest empty land and bare hills is still poor. They also touched on the difficult living conditions of those living in new economic zones.

In the afternoon at the conference hall, the National Assembly discussed revenue and expenses of the 1995 state budget and six major issues outlined by the government for the following year.

27 Oct Proceedings Reported

BK2810084594 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Oct 94

[Report by station correspondent on 27 October activities of the Sixth Session of the Ninth National Assembly]

[FBIS Summary] "Dear friends: This morning, the National Assembly deputies met at the Ba Dinh Conference Hall to discuss the performance of the court sector, the law enforcement situation, and the activities of organs of control so far. The deputies focused on the quality of the activities of law protection agencies, particularly on measures to guarantee serious law enforcement."

In expressing their opinions, most of the deputies unanimously concurred with the views of the chief justice of the Supreme People's Court and of the chief procurator of the Supreme People's Organ of Control that in the recent past, law enforcement agencies have made progress in investigative and trial work.

"According to initial evaluation results, over the past eight months, the court and organ of control sectors have made improvements in dealing with corruption and smuggling cases. Investigations have been launched against corruption and smuggling cases that have remained unsettled for several years now as well as against a number of major new cases. Correct decisions have been reached and appropriate legal proceedings have been initiated against the aforementioned cases to ensure a fair trial."

Many deputies maintained that apart from its strong points, the court and organ of control sectors still display

weaknesses due to the fact that the quality of investigation and trial work is not good enough and that the main cause of this situation must be traced back to the incompetence of assessors, judges, and other cadres in charge of the court and organ of control sectors.

"A number of deputies stressed the need for the state to make extra efforts to oversee the activities of law enforcement agencies to protect the people's legitimate rights. At the same time, it is necessary to promulgate regulations governing the operating procedures and responsibilities of law enforcement officers."

In debating on ways to restore discipline and order as well as to eliminate corruption and smuggling, many deputies maintained that the court and organ of control sectors need to try by all means to guarantee the right of equal treatment before the law for everyone.

"At the conclusion of today's session in the conference hall, altogether, 25 National Assembly deputies have expressed their views on the reports on the activities of the Supreme People's Court and the Supreme People's Organ of Control, on the management of local people's courts, and on the enforcement of sentences.

"Tomorrow, the National Assembly will hold group debates to discuss the projected 1995 legislative agenda; the reports on diplomatic activities and national defense and security; the reports on the activities of the National Assembly Standing Committee and Nationalities Council; and the reports of other National Assembly committees."

Communique No. 7 Issued

BK2810044294 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Oct 94

[FBIS Translated Text] The National Assembly Office has issued Communique No. 7, indicating that today, 27 October, the National Assembly worked in the conference hall under the direction of National Assembly Vice Chairman Phung Van Tuu to discuss reports on the activities of the Supreme People's Court and the Supreme People's Organ of Control, on the management of local people's courts, and on the enforcement of court sentences in 1994.

Altogether, 25 National Assembly deputies have expressed their views and evaluated the strong points and shortcomings displayed in the implementation of the following tasks:

- Law protection and safeguarding of political stability and of social security and order in the past;
- Increasing widespread and effective educational activities to promote people's awareness of the need to abide by the law;
- Strengthening of inspection and control work over law protection agencies;

- Promotion of the sense of responsibility of the public security, control, court, and inspection sectors;
- Continued efforts to strengthen and consolidate law protection agencies to make them really pure, firm, and powerful;
- Provision of additional equipment and other necessary material facilities to investigation, trial, and sentence enforcement agencies;
- Enhancement of the efficiency of the trial work of people's courts at all levels;
- Good organization of sentence enforcement by the local authorities;
- Strengthening of inspection over law enforcement agencies;
- The responsibility of state agencies, sectors, and echelons from the central down to the grass roots levels, and National Assembly delegations and deputies for the consideration and settlement of citizens' complaints and letters of denunciation as well as for the application of measures to improve the efficiency of this work.

Tomorrow, 28 October, the National Assembly deputies will hold group discussions.

Discussions Continue 28 Oct

BK2810072094 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 28 Oct 94

[FBIS Translated Text] This morning, the National Assembly deputies held group discussions on the projected 1995 legislative agenda and on the reports on the activities of the National Assembly Standing Committee and Nationalities Council in 1994.

In expressing their views, the deputies concurred with the National Assembly's evaluation of the results obtained from the 1994 legislative agenda. Generally speaking, it can be said that the laws and regulations adopted in 1994 all focused on the contents defined by the National Assembly's resolutions to meet socioeconomic management objectives and guarantee national defense and security and that steps have been taken to implement them.

The deputies also concurred with the report on the projected 1995 legislative agenda, which consists of the civil code, seven draft bills, nine draft ordinances, and a number of draft ordinances from the official 1994 legislative agenda.

This afternoon, the National Assembly will continue to hold group discussions on the above-mentioned issues.

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